

ARKANSAS TEACHER RETIREMENT SYSTEM

April 3, 2023

1400 West Third Street

BOARD ROOM

Little Rock, AR 72201

Operations Committee Meeting

10:30 a.m.

Members

Bobby Lester, Chair

Dr. Mike Hernandez, Vice Chair

Anita Bell

Kelly Davis

Danny Knight

Jeff Stubblefield

Jacob Oliva, Secretary, Dept. of Education

Honorable Dennis Milligan, State Auditor

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
OPERATIONS COMMITTEE

April 3, 2023

10:30 a.m.

1400 West Third Street

Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Adoption of Agenda.** page 2.
- III. Executive Summary. (Attachment No. 1) page 3.
- IV. ***Approval of February 6, 2023, Minutes.** (Attachment No. 2) page 4.
- V. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance. *Bobby Lester, Operations Committee Chair*
 - A. Open Forum.
- VI. ATRS 2023 Legislative Package Update. *Jennifer Liwo, General Counsel*
(Attachment No. 3) page 7.
- VII. Other Business.
- VIII. ***Adjourn.**

Committee Members:

Bobby Lester, Chair
Dr. Mike Hernandez, Vice Chair
Anita Bell
Kelly Davis
Danny Knight
Jeff Stubblefield
Jacob Oliva, Secretary, Dept. of Education
Honorable Dennis Milligan, State Auditor

* Action Item

2023-03-22 14:18:56.965558

EXECUTIVE SUMMARY

TO: Operations Committee
FROM: ATRS Staff
RE: Executive Summary
DATE: April 3, 2023

V. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance. *Bobby Lester, Operations Committee Chair*

A. Open Forum.

This is a standard part of the Committee agenda to allow Committee Members and Board Members in attendance to address topics and issues for consideration.

VI. ATRS 2023 Legislative Package Update. *Jennifer Liwo, General Counsel* page 7.

VII. Other Business.

**MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
OPERATIONS COMMITTEE MEETING**

**Monday, February 6, 2023
10:00 a.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Operations Committee Members Present

Bobby Lester, Chair
Dr. Mike Hernandez, Vice Chair
Anita Bell
Kelly Davis
Danny Knight
Jeff Stubblefield
Jason Brady, designee for Hon. Dennis Milligan

Operations Committee Members Absent

Jacob Oliva, Secretary, Dept. of Education

Board Members Present

Kathy Clayton
Susan Ford*
Shawn Higginbotham
Michael Johnson
Chip Martin
Susannah Marshall, Bank Commissioner
Mark Lowery, State Treasurer

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer
Dena Dixson, Internal Audit/Risk Mgmt.*
Braeden Duke, Software Specialist Analyst
Vicky Fowler, Manager, Human Resources
Willie Kincade, Director of Operations
Mike Lauro, Manager, Information Services*
Jennifer Liwo, Attorney Specialist
Manju, Director, Information Services
Whitney Sommers, Administrative Analyst
Brenda West, Int. Audit/Risk Mgmt.
Misty Yant, Manager, Accounting/Reporting*

Guests Present

Donna Morey, ARTA
Robin Nichols
Heartsill Ragon, Attorney at Law
Bryant Cranford, Attorney at Law
Rep. Les Warren
Katie Comstock, Aon Hewitt
PJ Kelly, Aon Hewitt*
Chae Hong, Aon Hewitt
Amy Fecher*
Carlos*
Jody C*
David*
Larry Walther*
A, Woods*
Lmgilson*
Gar Chung/FIN-News*
Bela Kirpalani – MandateWire*

**via ZOOM*

I. **Call to Order/Roll Call.** Mr. Bobby Lester, Chair, called the Operations Committee meeting to order at 10:00 a.m. Roll call was taken. Mr. Jacob Oliva was absent.

II. **Adoption of Agenda.**

Dr. Hernandez moved for adoption of the Agenda. Ms. Davis seconded the motion and the Committee unanimously approved the motion.

III. **Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.

IV. **Approval of December 5, 2022, Minutes.**

Mr. Brady moved to approve the Minutes of the Operations Committee meeting of December 5, 2022. Mr. Knight seconded the motion, and the Committee unanimously approved the motion.

V. **Open Forum for Potential Rule and Law Changes by Committee Members and Board Members Present.**

A. **Open Forum.**

1. **Fiduciary Responsibility, Pension Plan Administration and FOIA.** Mr. Heartsill Ragon, Attorney at Law, and Mr. Bryant Cranford, Attorney at Law, discussed the fiduciary responsibility, pension plan administration and FOIA guidelines with the Committee.
2. **ESG Bills.** Mr. Heartsill Ragon, Attorney at Law, discussed with the Committee the ESG bills in the legislative session. The Committee asked Mr. Ragon to send to the Board information on paper regarding the ESG bills.

VI. **ATRS 2023 Legislative Package.** Director Rhoden gave the Committee an update on the status of ATRS' 2023 legislation package. No action was taken

VII. **Other business:** None

VIII. **Adjourn.**

Ms. Bell moved to adjourn the Operations Committee Meeting. Mr. Knight seconded the motion, and the Committee unanimously approved the motion.

Meeting adjourned at 10:49 a.m.

Clint Rhoden, Executive Director

Mr. Bobby Lester, Chair

Tammy Porter, Board Secretary

Date Approved

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1184

5 By: Representative Maddox
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE MEMBERSHIP
10 STATUS OF CERTAIN MEMBERS OF THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO CLARIFY THE CONTRIBUTORY OR
12 NONCONTRIBUTORY STATUS OF CERTAIN MEMBERS OF THE
13 ARKANSAS TEACHER RETIREMENT SYSTEM WHO ENTER INTO AN
14 EMPLOYMENT CONTRACT WITH A COVERED EMPLOYER AFTER THE
15 START OF THE FISCAL YEAR; TO DECLARE AN EMERGENCY;
16 AND FOR OTHER PURPOSES.
17
18

Subtitle

19 TO AMEND THE LAW CONCERNING THE
20 MEMBERSHIP STATUS OF CERTAIN MEMBERS OF
21 THE ARKANSAS TEACHER RETIREMENT SYSTEM;
22 AND TO DECLARE AN EMERGENCY.
23
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

28 SECTION 1. Arkansas Code § 24-7-406(e)(3)(E), concerning when a member
29 under contract with a covered employer becomes a contributory member of the
30 Arkansas Teacher Retirement System, is amended to add an additional
31 subdivision to read as follows:

32 (iii) If a member enters into a contract with a covered
33 employer after the start of the fiscal year, the system may prorate the
34 number of contracted days in order to determine whether the member should be
35 classified as a contributory member or a noncontributory member who may make
36 an election under subdivision (e)(3)(E)(ii) of this section.



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SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of a state public retirement system are complex; that the Arkansas Teacher Retirement System must be able to meet the needs of its members as anticipated by the General Assembly; that certain provisions of the Arkansas Teacher Retirement System Act need revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that additional clarity is necessary concerning the contributory or noncontributory membership status of certain members who enter into an employment contract with a covered employer after the start of the fiscal year; that the revisions and updates are of great importance to members of the Arkansas Teacher Retirement System and to other citizens of the State of Arkansas; that as the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary in order to allow the provisions within this act to begin on the first day of the fiscal year and to allow for a structured and proper administration of the procedures referenced in this act; that the updates and revisions to the Arkansas Teacher Retirement System Act are of great importance for actuarial purposes and for the improvement and protection of member benefits under the Arkansas Teacher Retirement System; and that this act is necessary in order to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2023.

APPROVED: 2/13/23

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1199

5 By: Representative Perry
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO PERMIT A REFUND OF UNUSED PURCHASED SERVICE
10 CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
11 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
12
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Subtitle

15 TO PERMIT A REFUND OF UNUSED PURCHASED
16 SERVICE CREDIT UNDER THE ARKANSAS TEACHER
17 RETIREMENT SYSTEM; AND TO DECLARE AN
18 EMERGENCY.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 24-1-107(b)(1)(B), concerning credit for
24 federal service for a member of the Arkansas Teacher Retirement System, is
25 amended to read as follows:

26 (B)(i) An active member of the Arkansas Teacher Retirement
27 System shall receive credit for the member's federal service upon the payment
28 of the cost of service under § 24-7-502(b) and as prescribed by the Board of
29 Trustees of the Arkansas Teacher Retirement System.

30 (ii) At the member's request, a member's payment for
31 federal service credit under this section shall be refunded if the:

32 (a) Member ceases to be an active member
33 before the federal service credit is established as credited service in the
34 system; or

35 (b) Federal service credit is not otherwise
36 used to establish the member's eligibility for retirement under the system.



1
 2 SECTION 2. Arkansas Code § 24-7-602(b), concerning military service
 3 credit for a member of the Arkansas Teacher Retirement System, is amended to
 4 read as follows:

5 (b)(1) All United States Armed Forces service not otherwise creditable
 6 under this section shall be creditable, provided the member pays to the
 7 system the actuarial equivalent for the service credit.

8 (2) At the member's request, a member's payment for United
 9 States Armed Forces service credit under this subsection shall be refunded if
 10 the:

11 (A) Member ceases to be an active member before the United
 12 States Armed Forces service credit is established as credited service in the
 13 system; or

14 (B) United States Armed Forces service credit is not
 15 otherwise used to establish the member's eligibility for retirement under the
 16 system.

17
 18 SECTION 3. Arkansas Code § 24-7-603, concerning service credit under
 19 the Arkansas Teacher Retirement System for service rendered in another state
 20 under similar circumstances, is amended to add an additional subsection to
 21 read as follows:

22 (f) At the member's request, a member's payment under this section
 23 shall be refunded if the:

24 (1) Member ceases to be an active member before the out-of-state
 25 service is established as credited service in the system; or

26 (2) Out-of-state service is not otherwise used to establish the
 27 member's eligibility for retirement under the system.

28
 29 SECTION 4. Arkansas Code § 24-7-604, concerning service credit under
 30 the Arkansas Teacher Retirement System for service rendered at an overseas
 31 school, is amended to add an additional subsection to read as follows:

32 (c) At the member's request, a member's payment under this section
 33 shall be refundable if the:

34 (1) Member ceases to be an active member before the overseas
 35 service is established as credited service in the system; or

36 (2) Overseas service is not otherwise used to establish the

1 member's eligibility for retirement under the system.

2
 3 SECTION 5. Arkansas Code § 24-7-605, concerning service credit under
 4 the Arkansas Teacher Retirement System for service rendered as a member of
 5 the General Assembly, is amended to add an additional subsection to read as
 6 follows:

7 (c) At the member's request, member's payment under this section shall
 8 be refunded if the:

9 (1) Member ceases to be an active member before the General
 10 Assembly service is established as credited service in the system; or

11 (2) General Assembly service is not otherwise used to establish
 12 the member's eligibility for retirement under the system.

13
 14 SECTION 6. Arkansas Code § 24-7-606(a)(1), concerning a public school
 15 teacher or administrator's ability to receive credited service under the
 16 Arkansas Teacher Retirement System for leave of absence to obtain an advanced
 17 degree at an institution of higher learning or to fulfill the requirements of
 18 a scholarship or grant, is amended to read as follows:

19 (a)(1) ~~From and after June 28, 1985, any~~ A public school teacher or
 20 administrator who is a member of the Arkansas Teacher Retirement System and
 21 takes a leave of absence from a school in order to obtain an advanced degree
 22 at an institution of higher learning or to fulfill the requirements of a
 23 scholarship or grant shall be eligible, upon application, to receive credited
 24 service in the system for the time of actual enrollment in the institution.

25
 26 SECTION 7. Arkansas Code § 24-7-606, concerning the purchase of
 27 service credit under the Arkansas Teacher Retirement System for time spent on
 28 a leave of absence from a school under certain conditions, is amended to add
 29 an additional subsection to read as follows:

30 (d) At the member's request, a member's payment under this section
 31 shall be refunded if the:

32 (1) Member ceases to be an active member before the service for
 33 leave of absence to obtain an advanced degree at an institution of higher
 34 learning or to fulfill the requirements of a scholarship or grant is
 35 established as credited service in the system; or

36 (2) Service for leave of absence to obtain an advanced degree at

1 an institution of higher learning or to fulfill the requirements of a
 2 scholarship or grant is not otherwise used to establish the member's
 3 eligibility for retirement under the system.

4
 5 SECTION 8. Arkansas Code § 24-7-607(b)(3)(B)(ii), concerning when
 6 private school service becomes credited service under the Arkansas Teacher
 7 Retirement System, is amended to read as follows:

8 (ii) ~~If a member ceases to be an active member~~
 9 ~~before the private school service has been established as system-credited~~
 10 ~~service, the member payments contributed under this section shall be refunded~~
 11 ~~to the member upon request~~ At the member's request, a member's payment for
 12 certified private school service credit shall be refunded if the:

13 (a) Member ceases to be an active member
 14 before the certified private school service is established as credited
 15 service in the system; or

16 (b) Certified private school service is not
 17 otherwise used to establish the member's eligibility for retirement under the
 18 system;

19
 20 SECTION 9. Arkansas Code § 24-7-607(c)(2)(B)(ii), concerning when
 21 noncertified private school service or private education-related entity
 22 private school service becomes credited service under the Arkansas Teacher
 23 Retirement System, is amended to read as follows:

24 (ii) ~~If a member ceases to be an active member~~
 25 ~~before the noncertified service has been established as system-credited~~
 26 ~~service, the member payments contributed under this section shall be refunded~~
 27 ~~to the member upon request~~ At the member's request, a member's payment for
 28 noncertified private school service credit or noncertified private education-
 29 related entity private school service shall be refundable if the:

30 (a) Member ceases to be an active member
 31 before the noncertified private school service or private education-related
 32 entity private school service is established as credited service in the
 33 system; or

34 (b) Noncertified private school service or
 35 private education-related entity private school service is not otherwise used
 36 to establish the member's eligibility for retirement under the system.

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 2 SECTION 10. Arkansas Code § 24-7-610(f), concerning the refund of
 3 member payments contributed to the Arkansas Teacher Retirement System when a
 4 member ceases to be an active member before service in the National Guard or
 5 the armed forces reserve has been established as system-credited service, is
 6 amended to read as follows:

7 ~~(f) If a member ceases to be an active member before the service in~~
 8 ~~the National Guard or the armed forces reserve has been established as~~
 9 ~~system credited service, the member payments contributed as specified in~~
 10 ~~subdivision (b)(1)(C) of this section shall be refundable~~ At the member's
 11 request, a member's payment under this section shall be refunded if the:

12 (1) Member ceases to be an active member before the service in
 13 the National Guard or the armed forces reserve is established as credited
 14 service in the system; or

15 (2) Service in the National Guard or the armed forces reserve is
 16 not otherwise used to establish the member's eligibility for retirement under
 17 the system.

18
 19 SECTION 11. Arkansas Code § 24-7-611, concerning the purchase of
 20 service credit under the Arkansas Teacher Retirement System for domestic
 21 federal service rendered as a teacher or administrator at a facility
 22 administered by the United States Department of Defense, is amended to add an
 23 additional subsection to read as follows:

24 (e) At the member's request, a member's payment under this section
 25 shall be refunded if the:

26 (1) Member ceases to be an active member before the domestic
 27 federal service is established as credited service in the system; or

28 (2) Domestic federal service is not otherwise used to establish
 29 the member's eligibility for retirement under the system.

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 31 SECTION 12. EMERGENCY CLAUSE. It is found and determined by the
 32 General Assembly of the State of Arkansas that the operations of a state
 33 public retirement system are complex; that the Arkansas Teacher Retirement
 34 System must be able to meet the needs of its members as anticipated by the
 35 General Assembly; that certain provisions of the Arkansas Teacher Retirement
 36 System Act need revision and updating to bring them into conformance with

1 sound public pension policy and actuarial requirements; that under the
2 current provisions of the Arkansas Teacher Retirement System Act, a member is
3 unable to receive a refund of certain types of purchased service credit when
4 the member becomes inactive or the purchased service is not otherwise used to
5 establish the member's retirement eligibility; that this act would allow
6 members to receive a refund of purchased service credit when the member
7 becomes inactive or the purchased service is not otherwise used to establish
8 the member's retirement eligibility; that the revisions and updates are of
9 great importance to members of the Arkansas Teacher Retirement System and to
10 other citizens of the State of Arkansas; that as the Arkansas Teacher
11 Retirement System operates on a fiscal year of July 1 to June 30, a July 1,
12 2023, effective date is necessary in order to allow the provisions within
13 this act to begin on the first day of the fiscal year and to allow for a
14 structured and proper administration of the procedures referenced in this
15 act; that the updates and revisions to the Arkansas Teacher Retirement System
16 Act are of great importance for actuarial purposes and for the improvement
17 and protection of member benefits under the Arkansas Teacher Retirement
18 System; and that this act is necessary in order to maintain an orderly system
19 of benefits for the members of the Arkansas Teacher Retirement System.
20 Therefore, an emergency is declared to exist, and this act being necessary
21 for the preservation of the public peace, health, and safety shall become
22 effective on July 1, 2023.

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25 **APPROVED: 2/13/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1202

5 By: Representative Warren
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE MULTIPLIER
10 USED TO CALCULATE A LIFE ANNUITY UNDER THE ARKANSAS
11 TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
12 AND FOR OTHER PURPOSES.
13
14

Subtitle

15 TO AMEND THE LAW CONCERNING THE
16 MULTIPLIER USED TO CALCULATE A LIFE
17 ANNUITY UNDER THE ARKANSAS TEACHER
18 RETIREMENT SYSTEM; AND TO DECLARE AN
19 EMERGENCY.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 24-7-705(b)(2)(G), concerning the special
26 contributory multiplier rate set by the Board of Trustees of the Arkansas
27 Teacher Retirement System for the first ten (10) years of service credit, are
28 amended to read as follows:

29 (G) The board may set a special contributory multiplier
30 rate for the first ten (10) years of service credit as follows:

31 ~~(i) The multiplier rate for contributory service~~
32 ~~shall not be less than one and seventy five hundredths percent (1.75%) or~~
33 ~~higher than two and fifteen hundredths percent (2.15%);~~

34 ~~(ii)~~(i) The multiplier rate for contributory service
35 used for the first ten (10) years of service shall not be ~~higher than the~~
36 ~~multiplier rate for subsequent years of service~~ less than one and seventy-



1 five hundredths percent (1.75%) or more than two and fifteen hundredths
 2 percent (2.15%); and

3 ~~(iii)~~(ii) After a member earns ten (10) years of
 4 credited service, the board may increase the multiplier rate earned in the
 5 first ten (10) years to the standard multiplier rate for contributory service
 6 for all or part of the first ten (10) years of service.

7
 8 SECTION 2. Arkansas Code § 24-7-705(b)(3)(G)(i), concerning the
 9 special noncontributory multiplier rate set by the Board of Trustees of the
 10 Arkansas Teacher Retirement System for the first ten (10) years of service
 11 credit, is amended to read as follows:

12 (i) The multiplier rate for noncontributory service
 13 used for the first ten (10) years of service shall not be ~~higher than the~~
 14 ~~multiplier rate for subsequent years of service~~ less than five-tenths of one
 15 percent (0.5%) or more than one and twenty-five hundredths percent (1.25%);
 16 and

17
 18 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
 19 General Assembly of the State of Arkansas that the operations of a state
 20 public retirement system are complex; that the Arkansas Teacher Retirement
 21 System must be able to meet the needs of its members as anticipated by the
 22 General Assembly; that certain provisions of the Arkansas Teacher Retirement
 23 System Act need revision and updating to bring them into conformance with
 24 sound public pension policy and actuarial requirements; that the revisions
 25 and updates are of great importance to members of the Arkansas Teacher
 26 Retirement System and to other citizens of the State of Arkansas; that as the
 27 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
 28 June 30, a July 1, 2023, effective date is necessary in order to allow the
 29 provisions within this act to begin on the first day of the fiscal year and
 30 to allow for a structured and proper administration of the procedures
 31 referenced in this act; that the updates and revisions to the Arkansas
 32 Teacher Retirement System Act are of great importance for actuarial purposes
 33 and for the improvement and protection of member benefits under the Arkansas
 34 Teacher Retirement System; and that this act is necessary in order to
 35 maintain an orderly system of benefits for the members of the Arkansas
 36 Teacher Retirement System. Therefore, an emergency is declared to exist, and

1 this act being necessary for the preservation of the public peace, health,
2 and safety shall become effective on July 1, 2023.

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5 **APPROVED: 2/13/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1183

5 By: Representative Maddox
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE PROVISIONS FOR OUTSOURCING
10 UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
11 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
12
13

Subtitle

14 TO AMEND AND UPDATE PROVISIONS FOR
15 OUTSOURCING UNDER THE ARKANSAS TEACHER
16 RETIREMENT SYSTEM; AND TO DECLARE AN
17 EMERGENCY.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 24-7-506 is amended to read as follows:
24 24-7-506. Outsourcing – Election to participate – Definitions.

25 (a) As used in this section:

26 (1)(A) “Covered employer” means any public school, public
27 educational agency, or other eligible employer participating in the Arkansas
28 Teacher Retirement System.

29 (B) “Covered employer” does not include a:

30 (i) Nonmandatory employer or a PSHE employer as
31 defined under § 24-7-1602; or

32 (ii) Covered employer that reports through the
33 Arkansas Administrative Statewide Information System;

34 (2)(A) “Embedded employee” means a person who:

35 (i) Provides an outsourced service on the premises
36 of a covered employer; and



1 (ii) Is employed and paid by an outsource
 2 contractor.

3 (B) "Embedded employee" does not include a person who is
 4 employed by:

5 (i) A covered employer listed under § 24-7-202; or

6 (ii) An employer that offers the Arkansas Teacher
 7 Retirement System as an optional retirement plan as of the date of
 8 outsourcing;

9 (3) "Outsource" or "outsourcing" means the use of a contractor
 10 by a covered employer for the performance of a service common to the normal
 11 daily operation on the premises of the covered employer;

12 (4) "Outsource contractor" means a person who is contractually
 13 obligated under an outsourcing agreement to provide a covered employer with a
 14 service common to the normal daily operation of the covered employer;

15 (5) "Participating employer" means a covered employer that
 16 outsources and opts for the embedded employees of all of ~~its~~ the covered
 17 employer's outsource contractors to become members of the Arkansas Teacher
 18 Retirement System;

19 (6)(A) "School nursing" means a nursing service that is required
 20 to be offered in a public school under § 6-18-706 or the Standards for
 21 Accreditation of Arkansas Public Schools and School Districts.

22 (B) "School nursing" does not include nursing services
 23 provided by a:

24 (i) School-based health clinic under § 6-18-703;

25 (ii) Medical clinic operated on a public school
 26 campus by a hospital or physician's office that is under contract with the
 27 public school;

28 (iii) Healthcare provider other than a nurse; or

29 (iv) Healthcare service reimbursed or paid for by
 30 Medicaid, Medicare, health insurance, or any other third-party payer;

31 (7) "Service common to the normal daily operation" means and is
 32 limited to a service that:

33 (A) Is provided by an outsource contractor or embedded
 34 employee to a covered employer;

35 (B) Is physically provided or based on the premises of a
 36 covered employer;

1 (C) Is paid for with public funds and not with private
 2 grant funds; and

3 (D) Consists of one (1) or more of the following:

4 (i) The maintenance and operation of:

5 (a) One (1) or more vehicles used for the
 6 regular and daily transport of passengers; and

7 (b) A facility that provides support for the
 8 maintenance and operation of one (1) or more vehicles described under
 9 subdivision (a)(7)(D)(i)(a) of this section;

10 (ii) The maintenance and operation of a cafeteria or
 11 other food service operation;

12 (iii) Custodial or maintenance services for the
 13 regular and continuous maintenance, repair, and upkeep of grounds or
 14 facilities;

15 (iv) Security services that are not covered by
 16 another retirement system;

17 (v) School nursing;

18 (vi) Substitute teaching; or

19 (vii) Service as a teacher's aide; and

20 (8) "Surcharge employer" means a covered employer that
 21 outsources and pays a surcharge to the Arkansas Teacher Retirement System ~~in~~
 22 ~~lieu of opting for the embedded employees of outsource contractors to accrue~~
 23 ~~service credit in the Arkansas Teacher Retirement System.~~

24 (b) A covered employer that enters into an agreement to outsource a
 25 service common to the normal daily operation shall ~~make an irrevocable~~
 26 ~~election to be either a participating employer or~~ become a surcharge employer
 27 within sixty (60) days of the outsourcing agreement ~~on a form provided by or~~
 28 ~~in a manner established by the Arkansas Teacher Retirement System.~~

29 (c)(1) ~~If a covered employer elects to become a surcharge employer~~
 30 ~~under this section, then the covered employer~~ A surcharge employer shall
 31 account for and remit to the Arkansas Teacher Retirement System a ~~monthly~~
 32 surcharge of no more than four percent (4%) on the total salaries paid to all
 33 the embedded employees on an aggregate basis ~~as follows:~~

34 ~~(A) Five tenths of one percent (0.5%) during the 2018~~
 35 ~~fiscal year;~~

36 ~~(B) One percent (1%) during the 2019 fiscal year;~~

1 ~~(C) Two percent (2%) during the 2020 fiscal year;~~
 2 ~~(D) Three percent (3%) during the 2021 fiscal year; and~~
 3 ~~(E) An amount not to exceed four percent (4%) during the~~
 4 ~~2022 fiscal year and succeeding fiscal years as established by a resolution~~
 5 ~~of the Board of Trustees of the Arkansas Teacher Retirement System at a~~
 6 ~~meeting of the board.~~

7 (2) ~~If the covered employer is outsourcing on August 1, 2017,~~
 8 ~~the surcharge shall be payable beginning in the 2018 fiscal year. The Board~~
 9 ~~of Trustees of the Arkansas Teacher Retirement System may establish by~~
 10 ~~resolution the surcharge rate for any fiscal year following the 2022 fiscal~~
 11 ~~year.~~

12 (3) A surcharge adopted by the board applies to an entire fiscal
 13 year and shall be adopted ~~prior to~~ before the beginning of the fiscal year.

14 ~~(d) If a covered employer elects to become a participating employer as~~
 15 ~~provided under this section, then the covered employer shall account for and~~
 16 ~~remit each of the covered employer's contributions in the same amount and in~~
 17 ~~the same manner as required for covered employer contributions under § 24-7-~~
 18 ~~401 and member contributions under § 24-7-406.~~

19 ~~(e)(1)(A) A covered employer that begins outsourcing after August 1,~~
 20 ~~2017, and elects to become a participating employer may phase in the election~~
 21 ~~by selecting an effective date that is no later than the beginning of the~~
 22 ~~third fiscal year after the effective date of the outsourcing agreement.~~

23 ~~(B) During the phase in of becoming a participating~~
 24 ~~employer, the covered employer shall account for and remit a phase in~~
 25 ~~surcharge in the same amount and manner required of a surcharge employer~~
 26 ~~under subsection (c) of this section.~~

27 ~~(2)(A) If a covered employer is outsourcing on August 1, 2017,~~
 28 ~~and the covered employer elects to become a participating employer, then the~~
 29 ~~covered employer may phase in the election by selecting an effective date~~
 30 ~~that is no later than the beginning of the fourth fiscal year after August 1,~~
 31 ~~2017.~~

32 ~~(B) During the phase in of becoming a participating~~
 33 ~~employer, the covered employer shall account for and remit a phase in~~
 34 ~~surcharge in the same amount and manner as required of a surcharge employer~~
 35 ~~under subsection (c) of this section.~~

36 ~~(f)(1)(d)(1)~~ The Arkansas Teacher Retirement System may require a

1 ~~covered employer that makes an election under this section~~ surcharged employer
 2 to provide any documentation necessary to collect and account for the
 3 surcharge ~~or contributions~~ as is consistent with the covered employer's
 4 election.

5 (2) The Arkansas Teacher Retirement System ~~may~~ shall collect an
 6 unremitted surcharge amount due, including interest, from a surcharge
 7 employer under § 24-7-401 or contribution due from a participating employer
 8 under § 24-7-406 in any manner allowed by law.

9 (3) If a ~~covered employer~~ surcharged employer reasonably accepts
 10 a written statement from an outsource contractor reporting the salaries paid
 11 by the outsource contractor to embedded employees for services common to the
 12 normal daily operation of the ~~covered employer~~ surcharged employer, it shall
 13 be conclusively presumed that the written statement accurately reflects the
 14 salaries subject to surcharge under this section.

15 ~~(g)(1) A covered employer or an outsource contractor may request a~~
 16 ~~determination from the Arkansas Teacher Retirement System as to whether an~~
 17 ~~embedded employee performs or will perform a service common to the normal~~
 18 ~~daily operation of a covered employer.~~

19 ~~(2) A request made under subdivision (g)(1) of this section~~
 20 ~~shall include:~~

21 ~~(A) Information about the employment relationship and~~
 22 ~~contract provisions that are necessary for the Arkansas Teacher Retirement~~
 23 ~~System to evaluate the service provided to the covered employer; and~~

24 ~~(B) Any additional information requested by the Arkansas~~
 25 ~~Teacher Retirement System to make the determination.~~

26 ~~(3) The board may promulgate rules necessary to administer this~~
 27 ~~section.~~

28 ~~(h)(1)(e)(1)~~ (e)(1) The Division of Youth Services Education System shall be
 29 a participating employer and may designate any or all of its embedded
 30 employees as eligible for membership in the Arkansas Teacher Retirement
 31 System.

32 (2) An embedded employee of a contractor for the Division of
 33 Youth Services Education System who becomes a member of the Arkansas Teacher
 34 Retirement System shall remain a member of the Arkansas Teacher Retirement
 35 System as long as the member remains an embedded employee of a contractor for
 36 the Division of Youth Services Education System.

1 ~~(i)~~(f) The use of the terms “employee” and “employer” in this section
2 does not:

3 (1) Create or modify an employment relationship between an
4 embedded employee and a covered employer;

5 (2) Create, permit, expand, or modify any liability or
6 obligation by a covered employer to an embedded employee; or

7 (3) Create, permit, expand, or modify any cause of action by an
8 embedded employee against a covered employer under any employment, labor,
9 civil rights, or other law.

10 (g) The board may promulgate rules to implement this section.

11
12 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
13 General Assembly of the State of Arkansas that the operations of a state
14 public retirement system are complex; that the Arkansas Teacher Retirement
15 System must be able to meet the needs of its members as anticipated by the
16 General Assembly; that certain provisions of the Arkansas Teacher Retirement
17 System Act, need revision and updating to address reporting, contribution,
18 and other administrative complexities caused by these provisions and to bring
19 these provisions into conformance with sound public pension policy and
20 actuarial requirements; that the revisions and updates are of great
21 importance to members and covered employers of the Arkansas Teacher
22 Retirement System and to other citizens of the State of Arkansas; that as the
23 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
24 June 30, a July 1, 2023, effective date is necessary in order to allow the
25 provisions within this act to begin on the first day of the fiscal year and
26 to allow for a structured and proper administration of the procedures
27 referenced in this act; that the updates and revisions to the Arkansas
28 Teacher Retirement System Act are of great importance and necessary for
29 protecting member benefits and clarifying the reporting and contribution
30 requirements of employers participating in the Arkansas Teacher Retirement
31 System; and that this act is necessary in order to maintain an orderly system
32 of benefits for the members of the Arkansas Teacher Retirement System.
33 Therefore, an emergency is declared to exist, and this act being necessary
34 for the preservation of the public peace, health, and safety shall become
35 effective on July 1, 2023.

36 APPROVED: 2/13/23

1

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1200

5 By: Representative Perry
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT CONCERNING AN INACTIVE MEMBER'S ELIGIBILITY
10 FOR FREE MILITARY SERVICE CREDIT AND ABILITY TO
11 PURCHASE MILITARY, CONTRIBUTORY, AND FEDERAL SERVICE
12 CREDIT IN THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
14

Subtitle

15
16 CONCERNING AN INACTIVE MEMBER'S
17 ELIGIBILITY FOR FREE MILITARY SERVICE
18 CREDIT AND ABILITY TO PURCHASE MILITARY,
19 CONTRIBUTORY, AND FEDERAL SERVICE CREDIT
20 IN THE ARKANSAS TEACHER RETIREMENT
21 SYSTEM; AND TO DECLARE AN EMERGENCY.
22
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24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Arkansas Code § 24-1-107(b)(1)(B), concerning recognition
28 of federal retirement programs, is amended to read as follows:

29 (B) ~~An active~~ A member of the Arkansas Teacher Retirement
30 System shall receive credit for the member's federal service upon the payment
31 of the cost of service under § 24-7-502(b) and as prescribed by the Board of
32 Trustees of the Arkansas Teacher Retirement System.
33

34 SECTION 2. Arkansas Code § 24-7-406(e)(1)(B)(iv), concerning
35 retirement fund assets, accounts, members' deposit accounts, and
36 contributions under the Arkansas Teacher Retirement System, is amended to



1 read as follows:

2 (iv) ~~An active~~ A member who has previous
 3 noncontributory credited service may change credited service on which a
 4 member contribution has not been paid to contributory credited service by
 5 paying the system the actuarial equivalent of the member benefits.

6
 7 SECTION 3. Arkansas Code § 24-7-602(a)(1) and (2), concerning military
 8 service credit under the Arkansas Teacher Retirement System, are amended to
 9 read as follows:

10 (a)(1) If ~~an active~~ a member of the Arkansas Teacher Retirement System
 11 enters the United States Armed Forces during a period that a federal military
 12 draft was in effect and obtains a refund of member contributions from the
 13 system, the compulsory military service required of the member may be
 14 established as free credited service under this subchapter, if after an
 15 honorable discharge from the United States Armed Forces and before retirement
 16 the member repays to the system the actuarial equivalent of the member's
 17 refunded service.

18 (2)(A) ~~In addition, an active member who entered the United~~
 19 ~~States Armed Forces during any period that a federal military draft was in~~
 20 ~~effect and who becomes an active member after an honorable discharge from the~~
 21 ~~United States Armed Forces is eligible to receive free military service~~
 22 ~~credit under this section, whether or not the member has five (5) or more~~
 23 ~~years of credited service at the time of the reemployment.~~ In addition, a
 24 member is eligible to receive free military service credit under this section
 25 if the member:

26 (i) Entered the United States Armed Forces during
 27 any period that a federal military draft was in effect; and

28 (ii) Becomes an active member after an honorable
 29 discharge from the United States Armed Forces.

30 (B) Subdivision (a)(2)(A) of this section applies to a
 31 member whether or not the member has five (5) or more years of credited
 32 service at the time of the member's reemployment.

33
 34 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
 35 General Assembly of the State of Arkansas that the operations of a state
 36 public retirement system are complex; that the Arkansas Teacher Retirement

1 System must be able to meet the needs of its members as anticipated by the
2 General Assembly; that certain provisions of the Arkansas Teacher Retirement
3 System Act need revision and updating to bring these provisions into
4 conformance with sound public pension policy and actuarial requirements; that
5 under the current provisions of the Arkansas Teacher Retirement System Act,
6 inactive members are ineligible for free military service credit and cannot
7 purchase military, contributory, and federal service credit; that the
8 revisions and updates are of great importance to members of the Arkansas
9 Teacher Retirement System and to other citizens of the State of Arkansas;
10 that the Arkansas Teacher Retirement System operates on a fiscal year of July
11 1 to June 30; that as the Arkansas Teacher Retirement System operates on a
12 fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary
13 in order to allow the provisions within this act to begin on the first day of
14 the fiscal year and to allow for a structured and proper administration of
15 the procedures referenced in this act; that the updates and revisions to the
16 Arkansas Teacher Retirement System Act are of great importance and necessary
17 for improving and protecting member benefits; and that this act is necessary
18 in order to maintain an orderly system of benefits for the members of the
19 Arkansas Teacher Retirement System. Therefore, an emergency is declared to
20 exist, and this act being necessary for the preservation of the public peace,
21 health, and safety shall become effective on July 1, 2023.

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24 **APPROVED: 2/13/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 115

5 By: Senator K. Hammer
6 By: Representative Warren
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING
10 SURVIVOR ANNUITY BENEFITS UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO CLARIFY SURVIVOR APPLICATION
12 DEADLINES UNDER THE ARKANSAS TEACHER RETIREMENT
13 SYSTEM; TO CLARIFY A DEPENDENT CHILD'S ABILITY TO
14 RECEIVE A DEPENDENT CHILD ANNUITY UNDER THE ARKANSAS
15 TEACHER RETIREMENT SYSTEM WHEN THE CHILD IS CALLED TO
16 ACTIVE MILITARY DUTY OR TRAINING; TO CLARIFY A
17 DEPENDENT CHILD'S ELIGIBILITY FOR A DEPENDENT CHILD
18 ANNUITY UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM
19 WHEN THE CHILD'S PARENT HAS RETIRED BUT RETURNS TO
20 WORK UNDER A COVERED EMPLOYER; TO DECLARE AN
21 EMERGENCY; AND FOR OTHER PURPOSES.
22
23

Subtitle

25 TO AMEND AND UPDATE THE LAW CONCERNING
26 SURVIVOR ANNUITY BENEFITS UNDER THE
27 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
28 TO DECLARE AN EMERGENCY.
29
30

31 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
32

33 SECTION 1. Arkansas Code § 24-7-710 is amended to read as follows:
34 24-7-710. Survivor annuity benefits.

35 (a)(1) If an active member with five (5) or more years of actual and
36 reciprocal service, including credited service for the year immediately



1 preceding his or her death, dies before the receipt of retirement benefits
 2 from the Arkansas Teacher Retirement System, then the benefits provided in
 3 this section shall be paid to eligible survivors.

4 (2)(A) An immediately eligible survivor is entitled to receive
 5 monthly benefits beginning the month after the death of the active member if
 6 the survivor application is filed with the system ~~within three (3) months of~~
 7 ~~the death of the member~~ by the end of the sixth full calendar month following
 8 the date of the active member's death, otherwise the monthly benefits shall
 9 begin the month that the survivor application is filed with the system.

10 (B) If an immediately eligible survivor or the minor
 11 survivor's guardian or legal representative fails to complete the application
 12 process ~~within six (6) calendar months after~~ by the end of the sixth full
 13 calendar month following the date on which the application required under
 14 subdivision (a)(2)(A) of this section and any additional documentation
 15 required by the system is filed, ~~including the submission of any additional~~
 16 ~~documentation required by the system~~, the application shall be void unless an
 17 extension is granted by the ~~system~~ Executive Director of the Arkansas Teacher
 18 Retirement System.

19 (b)(1)(A)(i) Unless the active member otherwise directs an alternative
 20 beneficiary to receive a residue with a payable balance by using a
 21 beneficiary form approved by the system, ~~a~~ the active member's surviving
 22 spouse, who was married to the active member for at least the two (2) years
 23 immediately preceding the active member's death, shall receive an annuity
 24 computed in the same manner in all respects as if the active member had
 25 retired on the date of the active member's death and elected Option A under §
 26 24-7-706 to provide one hundred percent (100%) survivor annuity benefits,
 27 including benefits applicable under § 24-7-713, for his or her surviving
 28 spouse.

29 (ii)(a) Unless otherwise provided by this section, a
 30 surviving spouse who is ineligible for an annuity under this section solely
 31 as a result of the active member designating an alternative beneficiary shall
 32 be eligible for an annuity under this section if the alternative beneficiary
 33 waives his or her right to the residue.

34 (b) If the active member does not have a
 35 residue with a payable balance, a waiver of an alternative beneficiary's
 36 right to a residue shall not be required.

1 ~~(ii)~~(iii) The system shall continue to pay any
 2 benefits applicable under § 24-7-713 for an eligible surviving spouse,
 3 including a spouse who began receiving benefits on or after July 1, 2009.

4 (B)(i) If a surviving spouse is immediately eligible to
 5 receive a monthly benefit immediately after the death of ~~a~~ an active member,
 6 the immediately eligible surviving spouse is entitled to receive monthly
 7 benefits beginning the month after the death of the active member if the
 8 survivor application and all other required additional information is filed
 9 with the system ~~within three (3) months of the death of the member~~ by the end
 10 of the sixth full calendar month following the date of the active member's
 11 death, otherwise the monthly benefits shall begin the month that the survivor
 12 application is filed with the system if at the time of the active member's
 13 death the active member had:

14 (a) Accumulated twenty-five (25) years or more
 15 of credited service and qualified as eligible to receive a retirement annuity
 16 under §§ 24-7-701 and 24-7-702; or

17 (b) Reached sixty (60) years of age and
 18 qualified as eligible to receive a retirement annuity under § 24-7-707.

19 (ii) If an immediately eligible spouse fails to
 20 complete the application process ~~within six (6) calendar months after~~ by the
 21 end of the sixth full calendar month following the date on which the survivor
 22 application and additional documentation required under subdivision
 23 (b)(1)(B)(i) of this section is filed, ~~including the submission of all~~
 24 ~~additional documentation required by the system~~, the survivor application
 25 shall be void unless an extension is granted by the ~~system~~ executive
 26 director.

27 (C)(i) If the surviving spouse is not immediately eligible
 28 to receive monthly benefits under subdivision (b)(1)(B) of this section, the
 29 surviving spouse's benefits shall begin the later of either the month
 30 following the date the active member would have been eligible to receive
 31 benefits had the active member survived or the date that ~~an application for a~~
 32 ~~surviving spouse's benefits~~ a survivor application is filed with the system.

33 (ii) If a surviving spouse becomes eligible for
 34 surviving spouse benefits and fails to complete the application process
 35 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
 36 month following the date on which the survivor application and additional

1 documentation required under subdivision (b)(1)(B)(i) of this section is
 2 filed, ~~including the submission of any additional documentation required by~~
 3 ~~the system~~, the survivor application shall be void unless an extension is
 4 granted by the ~~system~~ executive director.

5 (D) If the surviving spouse is eligible to receive the
 6 survivor annuity and the active member had not reached sixty (60) years of
 7 age at the time of the active member's death, the surviving spouse may elect
 8 to defer receipt of the annuity until the active member would have reached
 9 sixty (60) years of age, and the surviving spouse's benefits shall not be
 10 reduced under the early retirement provisions of § 24-7-702.

11 (E) The surviving spouse's benefits under this section are
 12 payable for the surviving spouse's lifetime.

13 (F) If the active member directs an alternative
 14 beneficiary by using a beneficiary form approved by the system, the active
 15 member may designate one or more residual beneficiaries to receive a lump-sum
 16 payment of the active member's residue amount under § 24-7-709 in lieu of the
 17 active member's surviving spouse.

18 (2) If at the time of the active member's death there are no
 19 dependent children and the surviving spouse who is eligible to receive the
 20 annuity under this subsection files with the system a written waiver of his
 21 or her right to the spousal annuity, a lump-sum distribution of the deceased
 22 active member's accumulated contributions plus regular interest may be made
 23 to the surviving spouse.

24 ~~(3) The Board of Trustees of the Arkansas Teacher Retirement~~
 25 ~~System may adopt rules to carry out the provisions of this section.~~

26 (c)(1)(A)(i) ~~A surviving dependent child of the member~~ An active
 27 member's surviving dependent child shall receive an annuity in an amount
 28 equal to one percent (1%) of the active member's highest salary year for each
 29 quarter of a year credited as actual service in the system but not to exceed
 30 twenty (20) quarters of a year that are credited as actual service in the
 31 system for up to a maximum of twenty thousand dollars (\$20,000).

32 (ii) If the active member's highest salary year
 33 occurs in the year that the active member died, the system shall calculate
 34 the surviving dependent child's annuity on the basis of a full year of salary
 35 by the active member.

36 (B) If a an active member has more than three (3)

1 surviving dependent children, the aggregate amount of the surviving dependent
 2 children's annuity shall not exceed the lesser of sixty percent (60%) of the
 3 active member's highest salary year or sixty thousand dollars (\$60,000) per
 4 year and shall be divided equally among the surviving dependent children.

5 (2)(A) A deceased active member's child shall be considered a
 6 dependent child and eligible for the dependent child annuity until he or she
 7 reaches eighteen (18) years of age.

8 ~~(B)(i) The child of a deceased member is considered a~~
 9 ~~dependent child and is eligible for the dependent child annuity at eighteen~~
 10 ~~(18) years of age or older, but not older than twenty three (23) years of~~
 11 ~~age, if the dependent child stays continuously enrolled as a full-time~~
 12 ~~student at an accredited secondary school, college, or university. A~~
 13 deceased active member's child shall be considered a dependent child who is
 14 eligible for a dependent child annuity if the child:

15 (a) Is at least eighteen (18) years of age and
 16 not older than twenty-two (22) years of age; and

17 (b) Stays continuously enrolled as a full-time
 18 student in an accredited secondary school, college, university, or
 19 vocational-technical school.

20 (ii) Notwithstanding subdivision (c)(2)(B)(i)(b) of
 21 this section, a dependent child who enrolls in an accredited college,
 22 university, or vocational-technical school and defers his or her enrollment
 23 in accordance with rules promulgated by the Board of Trustees of the Arkansas
 24 Teacher Retirement System shall remain eligible to receive a dependent child
 25 annuity during his or her period of deferred enrollment.

26 ~~(ii)(C)~~ Regardless of age, a deceased active
 27 member's child who has been deemed physically or mentally incapacitated by a
 28 court of competent jurisdiction is eligible to receive a dependent child
 29 annuity for as long as the incapacity exists.

30 (D)(i) A dependent child may have his or her dependent
 31 child annuity temporarily suspended if the dependent child:

32 (a) Is called to active military duty or
 33 active military training; and

34 (b) Submits a copy of his or her military
 35 orders to the system.

36 (ii) The dependent child's dependent child annuity

1 shall be temporarily suspended for the duration of the dependent child's
 2 participation in active military duty or active military duty training.

3 (iii) The dependent child's dependent child annuity
 4 shall be reinstated if the dependent child:

5 (a) Is at least eighteen (18) years of age and
 6 not older than twenty-two (22) years of age;

7 (b) Immediately enrolls as a full-time student
 8 at an accredited secondary school, college, university, or vocational-
 9 technical school after returning from active military duty or active military
 10 training; and

11 (c) Submits documentation of his or her
 12 enrollment at an accredited secondary school, college, university, or
 13 vocational-technical school to the system.

14 (3) When a dependent child ceases to ~~be a dependent~~ qualify as a
 15 dependent child or dies, the dependent child shall not be eligible to qualify
 16 as a dependent child of the deceased active member again, and his or her
 17 share of the dependent child annuity shall terminate.

18 (d) For the purposes of §§ 24-7-709 and 24-7-711 related to the
 19 disposition of a member's residue amount, a survivor annuity received from
 20 ~~the~~ an active member's deposit account under this section shall be considered
 21 annuity payments received by the active member or his or her designated
 22 beneficiary and shall offset any disposition of residue payable under §§ 24-
 23 7-709 and 24-7-711 to the estate of the member or to an alternate payee.

24 (e) If ~~the~~ an active member ~~had~~ previously received benefits from the
 25 system and has not repaid in full all amounts payable by him or her to the
 26 system, the annuity amounts otherwise provided by this section shall be
 27 withheld until the total amount owed to the system is repaid.

28 (f)(1) For eligibility under this section, a member is considered
 29 active for an additional fiscal year following the last fiscal year that the
 30 member renders actual service to a covered employer and obtains at least one-
 31 fourth ($\frac{1}{4}$) of a year of service credit.

32 (2) In addition, a member is considered active for eligibility
 33 under this section if in the fiscal year of a member's death, the member
 34 earned at least ten (10) days of service credit in each quarter before and
 35 including the quarter of the member's death.

36 (3) Service credit used in calculating any benefits paid under

1 this section ~~means~~ includes days of service, ~~including~~ and any paid sick
2 leave covered by the covered employer.

3 (g)(1) A dependent child annuity shall be payable to each surviving
4 child of a retiree who dies after returning to work if the child qualifies as
5 a dependent child and is eligible for a dependent child annuity under this
6 section and the rules and resolutions of the system.

7 (2) The provisions of this section that are applicable to the
8 child of an active member shall be used to determine:

9 (A) Whether the child of a retiree who dies after
10 returning to work qualifies as a dependent child who is eligible for a
11 dependent child annuity;

12 (B) When the dependent child annuity is payable to the
13 child of a retiree who dies after returning to work; and

14 (C) The amount of the dependent child annuity payable to
15 the child of a retiree who dies after returning to work.

16 (h) A member's effective retirement date and the date when survivor
17 benefits under this section are payable shall be determined by the law in
18 effect at the time of a member's death.

19 (i) The board may adopt rules to carry out this section.

20
21 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly of the State of Arkansas that the operations of a state
23 public retirement system are complex; that the Arkansas Teacher Retirement
24 System must be able to meet the needs of its members as anticipated by the
25 General Assembly; that certain provisions of the Arkansas Teacher Retirement
26 System Act need revision and updating to bring these provisions into
27 conformance with sound public pension policy and actuarial requirements; that
28 the current provisions of the Arkansas Teacher Retirement System Act are
29 unclear with regard to application deadlines, a dependent child's ability to
30 continue receiving a dependent child annuity when the dependent child is
31 called to active military duty or training, and the eligibility of a child of
32 a retiree who returns to work to receive a dependent child annuity; that the
33 revisions and updates are of great importance to members of the Arkansas
34 Teacher Retirement System and to other citizens of the State of Arkansas;
35 that as the Arkansas Teacher Retirement System operates on a fiscal year of
36 July 1 to June 30, a July 1, 2023, effective date is necessary in order to

1 allow the provisions within this act to begin on the first day of the fiscal
2 year and to allow for a structured and proper administration of the
3 procedures referenced in this act; that the updates and revisions to the
4 Arkansas Teacher Retirement System Act are of great importance and necessary
5 for improving and protecting member benefits; and that this act is necessary
6 in order to maintain an orderly system of benefits for the members of the
7 Arkansas Teacher Retirement System. Therefore, an emergency is declared to
8 exist, and this act being necessary for the preservation of the public peace,
9 health, and safety shall become effective on July 1, 2023.

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12 **APPROVED: 2/13/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1188

5 By: Representative A. Collins
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING THE
10 FINAL AVERAGE SALARY UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES.
13
14

Subtitle

15 TO AMEND AND UPDATE THE LAW CONCERNING
16 THE FINAL AVERAGE SALARY UNDER THE
17 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
18 TO DECLARE AN EMERGENCY.
19
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 24-7-736(c)(2)(A), concerning the method
25 through which full and partial service years are used to calculate a member's
26 final average salary under the Arkansas Teacher Retirement System, is amended
27 to read as follows:

28 (2)(A) Full and partial service years that are recorded as
29 service credit shall be used in the calculation of the final average salary
30 in accordance with rules promulgated by the board.
31

32 SECTION 2. Arkansas Code § 24-7-736(c)(4)(D), concerning the
33 calculation of a member's final average salary under the Arkansas Teacher
34 Retirement System, is amended to read as follows:

35 (D)(i) The next-highest service year salary in the
36 calculation of final average salary that is less than eight (8) years from



1 the base salary year shall not exceed the base salary value plus the ~~salary~~
 2 ~~differential~~ anti-spiking amount unless the next-highest year's value is less
 3 than or equal to the ~~percentage increase~~ anti-spiking percentage of the base
 4 salary.

5 (ii) Subdivision (c)(4)(D)(i) of this section shall
 6 not apply to a partial service year or a fiscal year immediately following a
 7 partial service year.

8
 9 SECTION 3. Arkansas Code § 24-7-736(e), concerning the ability of the
 10 Board of Trustees of the Arkansas Teacher Retirement System to adjust a
 11 member's calculated final average salary by board resolution when certain
 12 criteria are met, is amended to read as follows:

13 (e) The board may adjust the final average salary calculated in
 14 accordance with subsection (c) of this section by board resolution provided
 15 that:

16 (1) The ~~percentage increase~~ anti-spiking percentage under
 17 subdivision (c)(4)(D) of this section is set no lower than one hundred five
 18 percent (105%) per year and no higher than one hundred twenty percent (120%)
 19 per year; and

20 (2) The ~~salary differential~~ anti-spiking amount permitted under
 21 subdivision (c)(4)(D) of this section is set no lower than one thousand two
 22 hundred fifty dollars (\$1,250) per year and no higher than five thousand
 23 dollars (\$5,000) per year.

24
 25 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
 26 General Assembly of the State of Arkansas that the operations of a state
 27 public retirement system are complex; that the Arkansas Teacher Retirement
 28 System must be able to meet the needs of its members as anticipated by the
 29 General Assembly; that certain provisions of the Arkansas Teacher Retirement
 30 System Act need revision and updating to bring them into conformance with
 31 sound public pension policy and actuarial requirements; that the revisions
 32 and updates are of great importance to members of the Arkansas Teacher
 33 Retirement System and to other citizens of the State of Arkansas; that as the
 34 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
 35 June 30, a July 1, 2023, effective date is necessary in order to allow the
 36 provisions within this act to begin on the first day of the fiscal year and

1 to allow for a structured and proper administration of the procedures
2 referenced in this act; that the updates and revisions to the Arkansas
3 Teacher Retirement System Act are of great importance for actuarial purposes
4 and for the improvement and protection of member benefits under the Arkansas
5 Teacher Retirement System; and that this act is necessary in order to
6 maintain an orderly system of benefits for the members of the Arkansas
7 Teacher Retirement System. Therefore, an emergency is declared to exist, and
8 this act being necessary for the preservation of the public peace, health,
9 and safety shall become effective on July 1, 2023.

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12 **APPROVED: 2/21/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H2/7/23

A Bill

HOUSE BILL 1201

5 By: Representative Warren
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO ENACT THE ARKANSAS TEACHER RETIREMENT
10 SYSTEM'S GENERAL OMNIBUS ACT; TO CORRECT CERTAIN
11 REFERENCES TO "ALTERNATE RETIREMENT PLAN", "COVERED
12 EMPLOYER", "CREDITED SERVICE", "RETIRANT", "SERVICE
13 CREDIT", AND "THE SYSTEM"; TO AMEND AND ADD CERTAIN
14 DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER
15 RETIREMENT SYSTEM; TO CLARIFY THE LAW CONCERNING
16 BENEFIT INCREASES AND COMPUTATION, DEADLINES, SYSTEM
17 ASSETS, TERMINATION SEPARATION PERIOD, SERVICE
18 CREDIT, SECOND REVIEWS OF DISABILITY RETIREMENT
19 APPLICATIONS, A MEMBER'S RESIDUE, CONTRACT BUYOUT
20 SETTLEMENT AGREEMENTS, THE DE MINIMIS AMOUNT, AND
21 OTHER VARIOUS PROVISIONS APPLICABLE TO THE ARKANSAS
22 TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
23 AND FOR OTHER PURPOSES.

Subtitle

24
25
26 TO ENACT THE ARKANSAS TEACHER RETIREMENT
27 SYSTEM'S GENERAL OMNIBUS ACT; AND TO
28 DECLARE AN EMERGENCY.
29
30

31
32 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
33

34 SECTION 1. Arkansas Code § 21-5-411(a)(1)(A)(v), concerning the
35 eligibility of certain retired employees to participate in the State and
36 Public School Life and Health Insurance Program, is amended to read as



1 follows:

2 (v) An alternate retirement plan ~~of a qualifying~~
3 ~~institution under~~ as defined in § 24-7-801 24-7-202; and

4
5 SECTION 2. Arkansas Code § 24-2-302(3)(D), concerning the
6 classification under the Arkansas Teacher Retirement System of a person
7 employed in a position requiring professional training or certification with
8 an area vocational-technical school or employed by the Arkansas Educational
9 Television Commission, is amended to read as follows:

10 (D) Any person employed in a position requiring
11 professional training or certification with an area vocational-technical
12 school or employed by the Arkansas Educational Television Commission, except
13 that employees of area vocational-technical schools and the Division of
14 Career and Technical Education, the Adult Education Section, and the Office
15 of Skills Development, who have elected to participate in an alternate
16 retirement plan established by ~~§§ 24-7-901 and 24-7-903—24-7-908~~ § 24-7-901
17 et seq. shall be active members of the alternate retirement plan; and

18
19 SECTION 3. Arkansas Code § 24-2-401(3)(F), concerning the definition
20 of "reciprocal system" that is applicable to public employee retirement
21 plans, is amended to read as follows:

22 (F) An alternate retirement plan ~~for:~~
23 ~~(i) A college, university, or the Division of Higher~~
24 ~~Education provided for under § 24-7-801 et seq.; or~~
25 ~~(ii) A vocational-technical school or the Division~~
26 ~~of Career and Technical Education, the Adult Education Section of the~~
27 ~~Division of Workforce Services, the Division of Higher Education, and the~~
28 ~~Office of Skills Development, with respect to plans provided for under § 24-~~
29 ~~7-901 et seq. as defined in § 24-7-202; or~~

30
31 SECTION 4. Arkansas Code § 24-2-401(4)(D), concerning the definition
32 of "state employer" that is applicable to public employee retirement plans,
33 is amended to read as follows:

34 (D) A public employer ~~who is:~~
35 ~~(i) A college, university, or the Division of Higher~~
36 ~~Education whose employees are covered by an alternate retirement plan~~

1 ~~provided for under § 24-7-801 et seq., or~~
2 ~~(ii) A vocational technical school or the Division~~
3 ~~of Career and Technical Education, the Adult Education Section, and the~~
4 ~~Office of Skills Development, whose employees are covered by an alternate~~
5 ~~retirement plan provided for under § 24-7-901 et seq. that has an alternate~~
6 ~~retirement plan as defined in § 24-7-202;~~
7

8 SECTION 5. Arkansas Code § 24-2-402(g)(6), concerning death-in-service
9 benefits as to an alternate retirement plan, is amended to read as follows:

10 (6) If the reciprocal system is an alternate retirement plan
11 ~~under § 24-7-801 et seq. or § 24-7-901 et seq. as defined in § 24-7-202,~~
12 death-in-service benefits shall be contingent on death-in-service benefits
13 having been provided by the alternate retirement plan and having been
14 selected by the member as a benefit.

15
16 SECTION 6. Arkansas Code § 24-2-402(k), concerning the payment of
17 payable benefits in accordance with terms specified in a written alternate
18 retirement plan document, is amended to read as follows:

19 (k) If the reciprocal system is an alternate retirement plan ~~for a~~
20 ~~college, a university, or the Division of Higher Education provided for under~~
21 ~~§ 24-7-801 et seq., or for a vocational technical school or the Department of~~
22 ~~Career Education provided for under § 24-7-901 et seq. as defined in § 24-7-~~
23 ~~202,~~ the benefits payable shall be in accordance with terms specified in the
24 written alternate retirement plan document for purchasing the insurance
25 policies or annuity contracts, both fixed and variable in nature, for the
26 participants.

27
28 SECTION 7. Arkansas Code § 24-4-901(a)(1)(F), concerning credited
29 service and reciprocity under the Arkansas Public Employees' Retirement
30 System and the amount of annuity awarded to a member employed by an alternate
31 retirement plan, is amended to read as follows:

32 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~
33 ~~or § 24-9-201 et seq. as defined in § 24-7-202;~~ or
34

35 SECTION 8. Arkansas Code § 24-4-901(a)(3)(B), concerning credited
36 service and reciprocity under the Arkansas Public Employees' Retirement

1 System and the computation of final average compensation for credited service
2 in the Arkansas Judicial Retirement System or an alternate retirement plan,
3 is amended to read as follows:

4 (B) Compensation for credited service in the Arkansas
5 Judicial Retirement System or an alternate retirement plan ~~under § 24-8-101~~
6 ~~et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202 shall not be used to
7 determine final average compensation.

8

9 SECTION 9. Arkansas Code § 24-4-901(b)(1)(F), concerning credited
10 service and reciprocity under the Arkansas Public Employees' Retirement
11 System and what criteria an annuity is determined from when a member of an
12 alternate retirement plan retires due to disability or dies in service, is
13 amended to read as follows:

14 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~
15 ~~or § 24-9-201 et seq.~~ as defined in § 24-7-202; or

16

17 SECTION 10. Arkansas Code § 24-4-901(b)(4), concerning credited
18 service and reciprocity under the Arkansas Public Employees' Retirement
19 System and the contingency of disability and death-in-service benefits being
20 awarded if provision of the benefits were provided to the alternate
21 retirement plan and were selected by the member as a benefit, is amended to
22 read as follows:

23 (4) If a member has service credit in an alternate retirement
24 plan ~~under § 24-8-101 et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202,
25 disability and death-in-service benefits shall be contingent on provision of
26 those benefits having been provided by the alternate retirement plan and
27 having been selected by the member as a benefit.

28

29 SECTION 11. Arkansas Code § 24-4-901(d)(6), concerning credited
30 service and reciprocity under the Arkansas Public Employees' Retirement
31 System and the provision of reciprocal service credits between contributory
32 and noncontributory members of an alternate retirement plan, is amended to
33 read as follows:

34 (6) An alternate retirement plan ~~for a college, university, or~~
35 ~~the Division of Higher Education provided for under § 24-8-101 et seq. or for~~
36 ~~a vocational-technical school or the Division of Career and Technical~~

1 ~~Education, the Adult Education Section, and the Office of Skills Development,~~
2 ~~provided for under § 24-9-201 et seq. as defined in § 24-7-202; and~~

3
4 SECTION 12. Arkansas Code § 24-7-202(6), concerning the definition of
5 "alternate retirement plan" applicable to the Arkansas Teacher Retirement
6 System, is amended to read as follows:

7 (6) "Alternate retirement plan" means a retirement plan based on
8 the purchase of contracts providing retirement and death benefits for
9 employees under ~~§ 24-7-801 et seq. or § 24-7-901 et seq.~~ § 24-7-801 et seq.,
10 § 24-7-901 et seq., or § 24-7-1001 et seq.;

11 SECTION 13. Arkansas Code § 24-7-202(7), concerning the definition of
12 "annuity" applicable to the Arkansas Teacher Retirement System, is amended to
13 read as follows:

14 (7) "Annuity" means an amount payable to a ~~retirant~~ retiree each
15 fiscal year by the Arkansas Teacher Retirement System in equal monthly
16 installments;

17
18 SECTION 14. Arkansas Code § 24-7-202(14), concerning the definition of
19 "credited service" applicable to the Arkansas Teacher Retirement System, is
20 amended to read as follows:

21 (14) "Credited service" means service which is ~~creditable~~
22 credited as service by the Arkansas Teacher Retirement System;

23
24 SECTION 15. Arkansas Code § 24-7-202(19)(D)(iii), concerning the
25 definition of "employment with a school" applicable to the Arkansas Teacher
26 Retirement System, is amended to read as follows:

27 (iii) Each education-related agency or organization
28 shall ~~be~~:

29 (a) ~~Approved~~ Be approved according to rules
30 established by the ~~board~~ Board of Trustees of the Arkansas Teacher Retirement
31 System;

32 (b) ~~Considered an employer under subdivision~~
33 ~~(18) of this section~~ Become a covered employer at the time that an employee
34 elects to become or remain a member of the Arkansas Teacher Retirement
35 System; and

36 (c) Be considered a covered employer only for

1 each employee who elects to become or remain a member of the Arkansas Teacher
2 Retirement System; and

3 (d) Responsible ~~Be responsible~~ for all
4 required employer contributions;

5
6 SECTION 16. Arkansas Code § 24-7-202(21)(B), concerning the definition
7 of "inactive member" applicable to the Arkansas Teacher Retirement System, is
8 amended to read as follows:

9 (B) Not a ~~retirant~~ retiree;

10
11 SECTION 17. Arkansas Code § 24-7-202(28), concerning the definition of
12 "normal retirement age" applicable to the Arkansas Teacher Retirement System,
13 is amended to read as follows:

14 (28) "Normal retirement age" means:

15 (A) Sixty-five (65) years of age if the member has at
16 least five (5) years of actual service or reciprocal service; or

17 (B) ~~At least sixty (60) years of age if the member has a~~
18 ~~combined total of thirty-eight (38) years or more of credited service in the~~
19 ~~Arkansas Teacher Retirement System, Teacher Deferred Retirement Option Plan,~~
20 ~~or reciprocal service in another eligible state retirement system~~ Sixty (60)
21 years of age or older if the member's age and the member's combined years of
22 credited service in the Arkansas Teacher Retirement System, Teacher Deferred
23 Retirement Option Plan, or reciprocal service in another eligible state
24 retirement system total ninety-eight (98);

25
26 SECTION 18. Arkansas Code § 24-7-202(32), concerning the definition of
27 "retiree" or "retirant" under the Arkansas Teacher Retirement System, is
28 amended to read as follows:

29 (32) "Retiree" ~~or "retirant"~~ means a member receiving an
30 Arkansas Teacher Retirement System annuity;

31
32 SECTION 19. Arkansas Code § 24-7-202, concerning definitions
33 applicable to the Arkansas Teacher Retirement System, is amended to add
34 additional subdivisions to read as follows:

35 (45)(A) "Benefit enhancement" means any change to the current
36 benefit policy for a retired, active, or inactive member of the Arkansas

1 Teacher Retirement System or T-DROP participant that increases the
2 amortization period by one (1) year or more.

3 (B) Benefit enhancement does not include any change that is
4 required to comply with federal law, prevent a manifest injustice, correct an
5 error, avoid an unintended consequence of an existing statutory provision, or
6 prevent undue hardship on any benefit participant or class of benefit
7 participants.

8 (46) "Employment with a covered employer" means the employment
9 of an employee that would require a covered employer to pay employer
10 contributions to the system; and

11 (47) "Residue" for the purposes of § 24-7-701 et seq. means the
12 difference between the accumulated contributions and regular interest
13 credited to the retirement reserve account as of the member's effective date
14 of retirement and the total amount of retirement annuities paid.

15
16 SECTION 20. Arkansas Code § 24-7-207 is amended to read as follows:

17 24-7-207. Increase in benefit amount.

18 (a)(1) The Board of Trustees of the Arkansas Teacher Retirement System
19 is authorized ~~by this act~~ to raise the level of benefits provided to the
20 current ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher
21 Retirement System ~~to a comparable level increase to match the increase in~~
22 ~~benefits that would accrue to active members as a result of any reduction of~~
23 ~~the calculation of "final average salary" to not less than a three year~~
24 ~~period nor more than the five year period in accordance with any rules the~~
25 ~~board might promulgate.~~

26 (2) The board may raise the level of benefits to a comparable
27 level increase that matches the increase in benefits that would accrue to
28 active members as a result of any reduction caused by setting the applicable
29 number of years used in computing final average salary for retirement
30 benefits at not less than three (3) years and not more than five (5) years in
31 accordance with any rules that the board may promulgate.

32 (b) The amount of any increase for ~~retirants~~ retirees and other
33 beneficiaries shall also be determined in accordance with the rules of the
34 board as is actuarially appropriate for the system.

35
36 SECTION 21. Arkansas Code § 24-7-301(4) and (5), concerning the

1 membership of the Board of Trustees of the Arkansas Teacher Retirement System
2 and the election thereof, are amended to read as follows:

3 (4)(A) Three (3) ~~retirants~~ retirees shall be elected ~~retirant~~
4 retiree trustees by the retirees of the system.

5 (B) Each ~~retirant~~ retiree trustee shall be a ~~retirant~~
6 retiree with an annuity being paid by the system at the beginning of his or
7 her term of office;

8 (5) The member and ~~retirant~~ retiree trustees shall be elected in
9 accordance with rules as have been adopted by the board to govern the
10 elections; and

11

12 SECTION 22. Arkansas Code § 24-7-302(a)(2)(B), concerning the
13 ineligibility of a retirant trustee to serve on the Board of Trustees of the
14 Arkansas Teacher Retirement System after becoming active, is amended to read
15 as follows:

16 (B) A ~~retirant~~ retiree trustee is ineligible to serve
17 after becoming active.

18

19 SECTION 23. Arkansas Code § 24-7-305(b)(5), concerning the ability of
20 the Board of Trustees of the Arkansas Teacher Retirement System to set a de
21 minimis amount to charge for distributing or collecting various moneys, is
22 amended to read as follows:

23 (5) The board may set or amend by a motion or resolution at any
24 board meeting a de minimis amount ~~of twenty five dollars (\$25.00) or less~~
25 concerning the system's obligation to distribute or collect payments,
26 penalties, interest, funds, or moneys.

27

28 SECTION 24. Arkansas Code § 24-7-403(b), concerning the restriction of
29 trustees, officers, and employees of the Board of Trustees of the Arkansas
30 Teacher Retirement System from holding an interest in the gains or profits of
31 any of the board's investments, is amended to read as follows:

32 (b)(1) Except as to the rights of a member, ~~retirant~~ retiree, or
33 beneficiary, ~~no trustee and no officer or employee~~ a trustee, officer, or
34 employee of the board shall not have any direct or indirect interest, ~~direct~~
35 ~~or indirect~~, in the gains or profits of any investment made by the board.

36 (2) ~~Nor shall any of them, directly or indirectly, for himself~~

1 ~~or herself or as an agent, in any manner use the assets of the system except~~
 2 ~~to make such current and necessary payments as are authorized by the board;~~
 3 ~~nor shall any of them become an endorser or surety or become in any manner an~~
 4 ~~obligor for moneys loaned by or borrowed from the board~~ A trustee, officer,
 5 or employee of the board shall not directly or indirectly use the assets of
 6 the system in any manner for himself or herself or as an agent.

7 (3) A trustee, officer, or employee of the board shall not in
 8 any manner become an endorser, surety, or obligor for moneys loaned by or
 9 borrowed from the board.

10 (4) A trustee, officer, or employee of the board may make such
 11 current and necessary payments as are authorized by the board.

12
 13 SECTION 25. Arkansas Code § 24-7-408 is amended to read as follows:

14 24-7-408. Retirement fund assets accounts – Retirement reserve
 15 account.

16 (a) The retirement reserve account shall be the account from which
 17 shall be paid all annuities and benefits in lieu of annuities payable as
 18 provided in this act to ~~retirants~~ retirees who retired on account of
 19 superannuation or disability and to beneficiaries of such ~~retirants~~ retirees.

20 (b) If a disability ~~retirant~~ retiree returns to teaching service:

21 (1) The amount of his or her accumulated contributions at the
 22 time of his or her disability retirement shall be transferred from the
 23 retirement reserve account to the members' deposit account; and

24 (2) The remainder of his or her annuity reserve at the time of
 25 return shall be transferred from the retirement reserve account to the
 26 employer accumulation account.

27
 28 SECTION 26. Arkansas Code § 24-7-501(a)(2)(B)(iii), concerning the
 29 employer contribution rate under the Arkansas Teacher Retirement System being
 30 established at a rate necessary to fund liabilities, is amended to read as
 31 follows:

32 (iii) The employer contribution rate for this closed
 33 system shall be established at a rate necessary to fund all present and
 34 future liabilities until such time as there are no longer members, ~~retirants~~
 35 retirees, or deferred annuitants.

1 SECTION 27. Arkansas Code § 24-7-502(a)(6), concerning restrictions on
2 a member during his or her termination separation period under the Arkansas
3 Teacher Retirement System, is amended to read as follows:

4 (6) During the termination separation period, the member shall
5 remain terminated and shall not:

6 (A) Form an employment relationship with ~~any system-~~
7 ~~covered employer~~ a covered employer;

8 (B) Render any compensable services to or on behalf of ~~any~~
9 ~~system covered employer~~ a covered employer, except that a member may ~~provide~~
10 ~~perform~~ volunteer activities ~~at a system covered employer~~ for a covered
11 employer that ~~does~~ do not have the effect of holding a position open for the
12 member during a termination separation period; ~~and~~

13 (C) Exercise any authority to act as a representative of
14 ~~any system covered employer~~ a covered employer or exercise any authority over
15 employees of ~~any system covered employer~~ a covered employer; or

16 (D) Be indirectly employed by or through an independent
17 contractor, limited liability company, partnership, corporation, or legal
18 entity that is employed by a covered employer if the member has substantial
19 control of the employer-employee relationship, including without limitation
20 the ability to negotiate rates of pay with the covered employer or assign
21 work and work hours to the member.

22

23 SECTION 28. Arkansas Code § 24-7-601(e)(5), concerning the provision
24 of a benefit amount that is not dependent on length of credited service under
25 the Arkansas Teacher Retirement System, is amended to read as follows:

26 (5) When the Arkansas Teacher Retirement System provides a
27 benefit amount that is not dependent on length of credited service, the
28 benefit amount shall be reduced to the proportion that actual system service
29 bears to total ~~reciprocal system credited~~ service credited by a reciprocal
30 system.

31

32 SECTION 29. Arkansas Code § 24-7-601(g)(1), concerning concurrent
33 service earned in the Arkansas Teacher Retirement System and reciprocal
34 systems, is amended to add an additional subdivision to read as follows:

35 (C) A member's part-time employment with a PSHE employer
36 or an employer covered by the Arkansas Public Employees' Retirement System

1 shall not prevent the member from earning service credit under the Arkansas
2 Teacher Retirement System if the member does not earn service credit in an
3 alternate retirement plan or the Arkansas Public Employees' Retirement
4 System.

5

6 SECTION 30. Arkansas Code § 24-7-602(c)(1), concerning military
7 service credit under the Arkansas Teacher Retirement System when a member
8 leaves employment with a school to serve in the uniformed services of the
9 United States and later returns to employment with a school, is amended to
10 read as follows:

11 (c)(1)(A) ~~Effective December 12, 1994, a~~ A member who leaves
12 employment with a school or employment with a covered employer to serve, on a
13 voluntary or involuntary basis, in the uniformed services of the United
14 States and returns to employment with a school or employment with a covered
15 employer shall be treated as not having incurred a break in service with the
16 employer.

17 (B) The employer shall certify to the system that
18 reemployment was in accordance with the requirements set forth in section
19 4312 of the Uniformed Services Employment and Reemployment Rights Act of
20 1994, Pub. L. No. 103-353.

21

22 SECTION 31. Arkansas Code § 24-7-701(a)(1)(B), concerning the time
23 frame necessary for a member to submit a complete application for voluntary
24 retirement under the Arkansas Teacher Retirement System, is amended to read
25 as follows:

26 (B) If a member fails to submit a complete retirement
27 application ~~within six (6) calendar months after~~ by the end of the sixth full
28 calendar month immediately following the effective date of benefits,
29 including all additional documentation required by the system, the
30 application shall be void unless an extension has been granted by the ~~system~~
31 Executive Director of the Arkansas Teacher Retirement System.

32

33 SECTION 32. Arkansas Code § 24-7-701(e)(1), concerning when a member
34 may cancel an application for voluntary retirement benefits under the
35 Arkansas Teacher Retirement System, is amended to read as follows:

36 (e)(1) A member may cancel an application for voluntary retirement

1 benefits ~~up to two (2) calendar months after~~ any time before the end of the
2 second full calendar month immediately following the effective date of
3 benefits.

4
5 SECTION 33. Arkansas Code § 24-7-702(a)(1)(A) and (B), concerning a
6 member's application for voluntary early retirement under the Arkansas
7 Teacher Retirement System, are amended to read as follows:

8 (a)(1)(A) Except as provided under subdivision (a)(2) of this section,
9 an active or inactive member who has a combined total of twenty-five (25) or
10 more years of actual and reciprocal service, including purchased or free
11 credited service, but has not attained sixty (60) years of age and is not
12 eligible for retirement under § 24-7-701 may voluntarily retire early by
13 filing a written application with the ~~Board of Trustees of the Arkansas~~
14 ~~Teacher Retirement System~~ Arkansas Teacher Retirement System.

15 (B) If a member fails to submit a complete retirement
16 application ~~within six (6) calendar months of~~ by the end of the sixth full
17 calendar month immediately following the effective date of benefits,
18 including all additional documentation required by the Arkansas Teacher
19 Retirement System, the application shall be void unless an extension is
20 granted by the ~~system~~ Executive Director of the Arkansas Teacher Retirement
21 System.

22
23 SECTION 34. Arkansas Code § 24-7-702(f)(1), concerning when a member
24 may cancel an application for early voluntary retirement benefits under the
25 Arkansas Teacher Retirement System, is amended to read as follows:

26 (f)(1) A member may cancel an application for early voluntary
27 retirement benefits up to two (2) full calendar months after the effective
28 date of benefits.

29
30 SECTION 35. Arkansas Code § 24-7-704(a)(1)(D)(i) and (ii), concerning
31 when a member must submit an application and accompanying documentation for
32 disability retirement under the Arkansas Teacher Retirement System, are
33 amended to read as follows:

34 (D)(i) A member has ~~six (6) calendar months from~~ until the
35 end of the sixth full calendar month immediately following the date of his or
36 her application for disability retirement to submit a completed application

1 and accompanying documentation.

2 (ii) If a member does not provide all accompanying
3 documentation requested by the system ~~within the six (6) calendar months~~ by
4 the end of the sixth full calendar month immediately following the date of
5 his or her application for disability retirement, the system shall:

6 (a) Submit the application to the medical
7 committee for review as complete; or

8 (b) Withdraw the application at the request of
9 the member unless an extension is granted by the ~~system~~ Executive Director of
10 the Arkansas Teacher Retirement System.

11

12 SECTION 36. Arkansas Code § 24-7-704(a)(1)(G) and (H), concerning
13 actions by the medical committee related to when a member submits an
14 application for disability retirement under the Arkansas Teacher Retirement
15 System, are amended to read as follows:

16 (G) If the medical committee requests additional
17 documentation upon initial review, a member has ~~six (6) calendar months from~~
18 until the end of the sixth full calendar month immediately following the date
19 of a medical committee request to submit any additional accompanying
20 documentation unless an extension is granted by the ~~system~~ executive
21 director.

22 (H)(i) If the medical committee finds that a member is not
23 qualified to receive disability benefits, written notice of the medical
24 committee's finding shall be sent to the member and the member may request a
25 second review provided the member submits additional medical documentation.

26 (ii)(a) ~~A second review may be requested one (1)~~
27 ~~time~~ A member may request a second review one (1) time for each application
28 for disability retirement filed by the member.

29 (b) A member's option to request a second
30 review does not apply to a disability retiree who applies for a review under
31 subsection (b) of this section.

32 (iii) The member has ~~six (6) calendar months~~ until
33 the end of the sixth full calendar month immediately following the date of
34 the written notice to submit additional medical documentation unless an
35 extension is granted by the ~~system~~ executive director.

36

1 SECTION 37. Arkansas Code § 24-7-704(a)(3)(B), concerning when a
2 member must submit all documents and election forms required to begin annuity
3 payments for disability retirement under the Arkansas Teacher Retirement
4 System, is amended to read as follows:

5 (B) If a member does not submit the required documents
6 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
7 month immediately following the date on which the medical committee finds
8 that the member qualifies to receive disability benefits, the member's
9 application shall be void unless an extension has been granted by the ~~system~~
10 executive director.

11
12 SECTION 38. Arkansas Code § 24-7-704(a)(4), concerning restrictions on
13 when a member is eligible to begin receiving disability retirement payments
14 under the Arkansas Teacher Retirement System, is amended to read as follows:

15 (4) To begin receiving disability retirement, a member shall
16 not:

17 (A) Be employed by a ~~system-covered employer~~ covered
18 employer; or

19 (B) ~~Be indirectly employed by or through an independent~~
20 ~~contractor, limited liability company, partnership, corporation, or legal~~
21 ~~entity that is employed by a system-covered employer if the member has~~
22 ~~substantial control of the employer-employee relationship, including without~~
23 ~~limitation the ability to negotiate rates of pay with the system-covered~~
24 ~~employer or assign work and work hours to the member~~ Unless otherwise
25 provided by law, perform any action described in § 24-7-502(a)(6).

26
27 SECTION 39. Arkansas Code § 24-7-704(b)(3)(C)(iii), concerning actions
28 not taken by a disability retiree under the Arkansas Teacher Retirement
29 System that will cause termination of disability retirement benefits, is
30 amended to read as follows:

31 (iii) Apply for a review by the system's medical
32 committee ~~within three (3) months of disability benefits ceasing~~ by the end
33 of the third full calendar month immediately following the cessation of
34 disability benefits due to the lack of a Social Security Administration
35 determination letter finding that the disability retiree is unable to perform
36 his or her former work duties as described in subdivision (a)(1)(E)(iii) of

1 this section.

2

3 SECTION 40. Arkansas Code § 24-7-704(b)(3)(D)(i), concerning certain
4 conditions that allow a disability retiree under the Arkansas Teacher
5 Retirement System to seek a review by the system's medical committee, is
6 amended to read as follows:

7 (D)(i) A disability retiree who seeks and fails to receive
8 a determination letter finding the disability retiree is unable to perform
9 his or her former work duties as described in subdivision (a)(1)(E)(iii) of
10 this section by the Social Security Administration may seek a review
11 permitted under subdivision (b)(3)(C)(iii) of this section no earlier than
12 three (3) full calendar months before the date on which the member's
13 disability retirement would otherwise end and no later than ~~three (3) months~~
14 after the end of the third full calendar month immediately following the
15 termination of disability retirement.

16

17 SECTION 41. Arkansas Code § 24-7-706(a)-(e), concerning annuity
18 options under the Arkansas Teacher Retirement System, are amended to read as
19 follows:

20 (a)(1) Before the date the first payment of his or her annuity becomes
21 due, a member may elect to receive his or her annuity as a straight life
22 annuity, or he or she may elect to receive the actuarial equivalent, at that
23 time, of his or her straight life annuity in a reduced annuity payable
24 throughout his or her life.

25 (2) The member may nominate a beneficiary, in accordance with
26 one (1) of the following options:

27 (A) Option A – 100% Survivor Annuity.

28 (i) Under Option A, upon the death of a ~~retirant~~
29 retiree, his or her reduced annuity shall be continued throughout the life of
30 and paid to such person as he or she shall have nominated by written
31 designation executed and filed with the Board of Trustees of the Arkansas
32 Teacher Retirement System before the date the first payment of his or her
33 annuity becomes due.

34 (ii) The person designated as a beneficiary by the
35 ~~retirant~~ retiree shall be:

36 (a) The ~~retirant's~~ retiree's spouse for not

1 less than one (1) year immediately preceding the first payment due date; or
2 (b) A dependent child of the ~~retirant~~ retiree
3 who has been adjudged physically or mentally incapacitated by a court of
4 competent jurisdiction;

5 (B) Option B – 50% Survivor Annuity.

6 (i) Under Option B, upon the death of a ~~retirant~~
7 retiree, one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued
8 throughout the life of and paid to such person as he or she has nominated by
9 written designation executed and filed with the board before the date the
10 first payment of his or her annuity becomes due.

11 (ii) The person designated as a beneficiary by the
12 ~~retirant~~ retiree shall be:

13 (a) The ~~retirant's~~ retiree's spouse for not
14 less than one (1) year immediately preceding the first payment due date; or

15 (b) A dependent child of the ~~retirant~~ retiree
16 who has been adjudged physically or mentally incapacitated by a court of
17 competent jurisdiction; or

18 (C) Option C – Annuity for Ten (10) Years Certain and Life
19 Thereafter.

20 (i) Under Option C, a ~~retirant~~ retiree shall receive
21 a reduced annuity payable throughout his or her life with the provision that
22 if he or she dies before he or she has received one hundred twenty (120)
23 monthly annuity payments, the payments shall be continued for the remainder
24 of the period of one hundred twenty (120) months and paid to such persons in
25 equal shares as the ~~retirant~~ retiree has nominated by written designation
26 executed and filed with the board.

27 (ii) If the designated beneficiaries predecease the
28 ~~retirant~~ retiree, the ~~retirant~~ retiree may nominate successor beneficiaries
29 or may elect to return to his or her single lifetime benefit equivalent by
30 written designation executed and filed with the board, to be effective the
31 month following receipt of his or her election by the Arkansas Teacher
32 Retirement System.

33 (iii)(a) If the designated beneficiary is the spouse
34 of the ~~retirant~~ retiree and the marriage ends in divorce or other marriage
35 dissolution, the ~~retirant~~ retiree may:

36 (1) Nominate a successor beneficiary; or

1 (2) Elect to return to his or her single
2 lifetime benefit equivalent.

3 (b) The nomination or election made under
4 subdivision (a)(2)(C)(iii)(a) of this section shall be in writing, executed
5 by the ~~retirant~~ retiree, and filed with the board, to be effective the month
6 following receipt of his or her election by the system.

7 (iv) If no designated beneficiary survives the
8 ~~retirant~~ retiree, the annuity reserve for the remainder of the annuity
9 payments shall be paid to the ~~retirant's~~ retiree's estate.

10 (v) If the last designated beneficiary receiving
11 annuity payments dies before all annuity payments are made, the annuity
12 reserve for the remainder of the annuity payments shall be paid to the
13 beneficiary's estate.

14 (vi) Effective the month following completion of the
15 one-hundred-twenty-month period, the ~~retirant's~~ retiree's annuity shall
16 return to his or her single lifetime benefit equivalent.

17 (3) In addition to the persons eligible to be designated as a
18 beneficiary under either Option A or Option B in subdivision (a)(2) of this
19 section, the board may promulgate rules concerning the addition of classes of
20 eligible persons to be designated as a beneficiary under this section and for
21 the rights of option beneficiaries of deceased disability retirees under §
22 24-7-704.

23 (b)(1)(A) If a member's marital status changes after retirement due to
24 the death of the member's spouse, or a divorce or marriage dissolution from
25 the member's spouse who is also the member's designated beneficiary, then the
26 member may elect to cancel any optional plan designating the former spouse as
27 a beneficiary.

28 (B) A member's election under subdivision (b)(1)(A) of
29 this section shall cause the member to return to his or her lifetime benefit
30 equivalent, to be effective the month following the system's receipt of the
31 approved form.

32 (2) A ~~retirant~~ retiree who is receiving a single lifetime
33 benefit and who marries after retirement may elect to cancel his or her
34 single lifetime benefit and may elect an annuity providing continuing
35 lifetime benefits to his or her spouse under rules promulgated by the board.

36 (c) If a member fails to elect an option, his or her annuity shall be

1 paid to him or her as a straight life annuity.

2 (d)(1) Notwithstanding anything contained in this section to the
3 contrary, the residue beneficiary under § 24-7-709 may elect to cancel the
4 form of annuity in effect and elect Option A – 100% Survivor Annuity upon the
5 death of a ~~retirant~~ retiree on or after July 1, 1989, if:

6 (A) The ~~retirant~~ retiree died within one (1) year
7 following the effective date of retirement;

8 (B) The ~~retirant~~ retiree was receiving a straight life
9 annuity; and

10 (C) The residue beneficiary otherwise qualifies for an
11 Option A – 100% Survivor Annuity.

12 (2) The election to change may be made only one (1) time and
13 shall be on a form approved by the system.

14 (3) The election form must be received by the system within one
15 hundred twenty (120) days of the death of the retiree.

16 (e)(1) Notwithstanding anything in this section to the contrary, a
17 ~~retirant~~ retiree who retired on or after July 1, 1994, may elect to cancel
18 his or her election made at retirement for receiving an annuity and elect
19 another option, provided that he or she:

20 (A) Does so within one (1) year after July 1, 1995, or
21 within one (1) year of retirement;

22 (B) Files with the system a new election form approved by
23 the system; and

24 (C)(i) Repays to the system the difference between the
25 amount of the annuity received when he or she retired and the new annuity due
26 as a result of the election change, plus interest from July 1, 1994, or his
27 or her retirement date, whichever is later, to the date of payment in full.

28 (ii) The difference shall be calculated
29 retroactively to July 1, 1994, or his or her retirement date, whichever is
30 later.

31 (2) The election to change shall be made only one (1) time.

32 (3) The election change shall be effective retroactively to the
33 effective date of his or her annuity.

34

35 SECTION 42. Arkansas Code § 24-7-707(d), concerning when a member must
36 submit an application for deferred retirement under the Arkansas Teacher

1 Retirement System, is amended to read as follows:

2 (d) If a member fails to submit a complete deferred retirement
3 application ~~within six (6) calendar months of~~ by the end of the sixth full
4 calendar month immediately following the effective date of benefits,
5 including all additional documentation required by the system, the
6 application shall be void unless an extension is granted by the ~~system~~
7 Executive Director of the Arkansas Teacher Retirement System.

8

9 SECTION 43. Arkansas Code § 24-7-707(e)(1), concerning when a member
10 may cancel an application for deferred retirement under the Arkansas Teacher
11 Retirement System, is amended to read as follows:

12 (e)(1) A member may cancel an application for deferred retirement
13 benefits any time before ~~two (2) calendar months from~~ the end of the second
14 full calendar month immediately following the effective date of benefits.

15

16 SECTION 44. Arkansas Code § 24-7-709 is amended to read as follows:

17 24-7-709. Disposition of ~~member~~ retiree contributions – Residue.

18 (a)(1)~~(A)~~ If a retiree and his or her option annuitants, if any, die
19 before receiving annuity payments equal to the ~~member's~~ retiree's residue
20 amount, then the residue amount shall be paid to ~~such persons as the retiree~~
21 ~~shall have nominated by written designation~~ duly one (1) or more
22 beneficiaries nominated by the retiree in a written designation that is
23 executed and filed with the Arkansas Teacher Retirement System.

24 ~~(B) As used in this subchapter, "residue" means the~~
25 ~~difference between the accumulated contributions and regular interest~~
26 ~~credited to the retirement reserve account as of the member's retirement~~
27 ~~effective date and the total amount of retirement annuities paid.~~

28 (2) If a retiree designates more than one (1) beneficiary, the
29 residue shall be divided equally among each designated beneficiary.

30 (3) If a retiree and his or her option annuitants die and the
31 member has failed to designate a beneficiary or if all designated
32 beneficiaries have predeceased the retiree, the residue shall be paid to the
33 retiree's estate.

34 (4) If all designated beneficiaries predecease the retiree, the
35 residue shall be paid to the estate of the most recently deceased designated
36 beneficiary.

1 (b) If upon the termination of the option annuity no surviving
2 beneficiary designated by the ~~member~~ retiree survives and it is impracticable
3 to make payment to the ~~member's~~ retiree's estate, the residue shall be
4 forfeited to the trust assets of the system subject to any valid claim of the
5 ~~member's~~ retiree's estate under § 24-7-734.

6
7 SECTION 45. Arkansas Code § 24-7-710(a)(2)(B), concerning when an
8 eligible survivor or a minor survivor's guardian or legal representative must
9 complete an application for survivor annuity benefits under the Arkansas
10 Teacher Retirement System, is amended to read as follows:

11 (B) If an immediately eligible survivor or the minor
12 survivor's guardian or legal representative fails to complete the application
13 process ~~within six (6) calendar months after~~ by the end of the sixth full
14 calendar month following the date on which the application required under
15 subdivision (a)(2)(A) of this section is filed, including the submission of
16 any additional documentation required by the system, the application shall be
17 void unless an extension is granted by the ~~system~~ Executive Director of the
18 Arkansas Teacher Retirement System.

19
20 SECTION 46. Arkansas Code § 24-7-710(b)(1)(A)(i), concerning a
21 member's survivor annuity under the Arkansas Teacher Retirement System and
22 when it is received by a member's surviving spouse who was married to the
23 member for at least the two (2) years immediately preceding the member's
24 death, is amended to read as follows:

25 (b)(1)(A)(i) Unless the member otherwise directs an alternative
26 beneficiary to receive the member's residue amount by using a beneficiary
27 form approved by the system, a member's surviving spouse, who was married to
28 the member for at least the two (2) years immediately preceding the member's
29 death, shall receive an annuity computed in the same manner in all respects
30 as if the member had retired on the date of the member's death and elected
31 Option A under § 24-7-706 to provide one hundred percent (100%) survivor
32 annuity benefits, including benefits applicable under § 24-7-713, for his or
33 her spouse.

34
35 SECTION 47. Arkansas Code § 24-7-710(b)(1)(B)(ii), concerning when an
36 immediately eligible spouse must complete an application process for a

1 survivor annuity benefit under the Arkansas Teacher Retirement System, is
2 amended to read as follows:

3 (ii) If an immediately eligible spouse fails to
4 complete the application process ~~within six (6) calendar months after~~ by the
5 end of the sixth full calendar month following the date on which the
6 application required under subdivision (b)(1)(B)(i) of this section is filed,
7 including the submission of all additional documentation required by the
8 system, the application shall be void unless an extension is granted by the
9 ~~system~~ executive director.

10

11 SECTION 48. Arkansas Code § 24-7-710(b)(1)(C)(ii), concerning when a
12 surviving spouse's application for surviving spouse benefits becomes void
13 under the Arkansas Teacher Retirement System, is amended to read as follows:

14 (ii) If a surviving spouse becomes eligible for
15 surviving spouse benefits and fails to complete the application process
16 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
17 month following the date on which the application required under subdivision
18 (b)(1)(B)(i) of this section is filed, including the submission of any
19 additional documentation required by the system, the application shall be
20 void unless an extension is granted by the ~~system~~ executive director.

21

22 SECTION 49. Arkansas Code § 24-7-713(a)(1), concerning when certain
23 persons receiving benefits under the Arkansas Teacher Retirement System
24 receive a simple cost of living adjustment, is amended to read as follows:

25 (a)(1) July 1 of each year, ~~retirants~~ retirees, survivors,
26 participants in the Teacher Deferred Retirement Option Plan, and annuity
27 beneficiaries who have been receiving monthly benefits for the previous
28 twelve (12) months shall receive a simple cost of living adjustment.

29

30 SECTION 50. Arkansas Code § 24-7-713(d), concerning the administration
31 of the Arkansas Teacher Retirement System benefit stipend by the Board of
32 Trustees of the Arkansas Teacher Retirement System, is amended to read as
33 follows:

34 (d)(1) The board may remove by board resolution the benefit stipend
35 from the base amount of current ~~retirants~~ retirees and option beneficiaries
36 if the board determines that the removal of the benefit stipend from the base

1 amount is prudent in order to maintain actuarial soundness.

2 (2) The board may phase in the removal of the benefit stipend
3 from the base amount of current ~~retirant~~ retiree and option beneficiaries by
4 board resolution.

5
6 SECTION 51. Arkansas Code § 24-7-714 is amended to read as follows:

7 24-7-714. Increase in monthly benefits – Acts 1979, No. 655, and Acts
8 1981, No. 885.

9 (a) The monthly retirement benefit payable to ~~retirants~~ retirees and
10 beneficiaries of the Arkansas Teacher Retirement System who were retired on
11 or before July 1, 1978, and who were receiving benefits on July 1, 1979,
12 shall be increased as follows:

13 (1) For all benefits to ~~retirants~~ retirees and beneficiaries of
14 the system whose total credited service is before July 1, 1961, a monthly
15 benefit increase equal to one dollar (\$1.00) per each year of credited
16 service;

17 (2) For all benefits to ~~retirants~~ retirees and beneficiaries of
18 the system which are based in whole or in part upon credited service rendered
19 after July 1, 1961, a monthly benefit increase equal to seventy-five cents
20 (75¢) per each year of credited service;

21 (3) For benefit increases authorized by subdivisions (a)(1) and
22 (2) of this section, fractional years of service shall be disregarded, and
23 the increase shall be added to the monthly annuity after the annual
24 postretirement increase based on the consumer price index has been applied to
25 the ~~retirant's~~ retiree's base annuity; and

26 (4) In the event that there is more than one (1) beneficiary or
27 survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in
28 subdivisions (a)(1) and (2) of this section shall be based upon the member's
29 total credited service. The benefit increase so determined shall be divided
30 between the survivors or beneficiaries in proportion to their base annuities.

31 (b) For retirements effective after July 1, 1978, for which a monthly
32 benefit is payable for the month of July 1981 or later, calculations shall be
33 made as provided in subdivisions (b)(1) and (2) of this section. If the
34 monthly benefit calculated using subdivision (b)(1) of this section is more
35 than the monthly benefit calculated using subdivision (b)(2) of this section,
36 then the difference shall be paid to the ~~retirant~~ retiree as a monthly

1 benefit increase, subject to the provisions of subdivisions (b)(3)-(6) of
2 this section, as follows:

3 (1) Calculate the monthly annuity payable to the member under §
4 24-7-705, based on the provisions of § 24-7-705, his or her salary record,
5 and his or her service record, all as of July 1, 1978, and add seventy-five
6 cents (75¢) for each year of the member's credited service rendered before
7 July 1, 1978;

8 (2) Calculate the monthly annuity payable to the member under
9 the provisions of § 24-7-705 in effect at the time of the member's
10 retirement;

11 (3) For benefit increases authorized by this subsection,
12 fractional years of service shall be disregarded. The increase shall be added
13 to the monthly annuity after the annual postretirement increase based on the
14 consumer price index has been applied to the ~~retirant's~~ retiree's base
15 annuity;

16 (4) In the event that there is more than one (1) beneficiary or
17 survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in
18 this subsection shall be based upon the member's total credited service, and
19 the benefit increase so determined shall be divided between the survivors or
20 beneficiaries in proportion to their base annuities;

21 (5) Any benefit increase created by this subsection shall be
22 effective at retirement but not for any month before July 1981; and

23 (6) If there is any change in § 24-7-705 after the member's
24 retirement, the amount under subdivision (b)(2) of this section shall be
25 recalculated using the changed provisions, and the benefit increase provided
26 by this subsection shall be changed correspondingly.

27

28 SECTION 52. Arkansas Code § 24-7-727(a)(1), concerning when the Board
29 of Trustees of the Arkansas Teacher Retirement System may compound the cost
30 of living adjustment for retirants and participants in the Teacher Deferred
31 Retirement Option Plan, is amended to read as follows:

32 (a)(1) ~~After July 1, 1999, the~~ The Board of Trustees of the Arkansas
33 Teacher Retirement System may compound the cost of living adjustment for all
34 ~~retirants~~ retirees and participants in the Teacher Deferred Retirement Option
35 Plan who have received a monthly retirement benefit for the prior twelve-
36 month period.

1
2 SECTION 53. Arkansas Code § 24-7-727(b)(3)(A), concerning when the
3 Board of Trustees of the Arkansas Teacher Retirement System may reverse a
4 compounding of the cost of living adjustment for retirants and participants
5 in the Teacher Deferred Retirement Option Plan, is amended to read as
6 follows:

7 (3)(A) The board may reverse a compounding of the cost of living
8 adjustment for all ~~retirants~~ retirees and participants in the Teacher
9 Deferred Retirement Option Plan who benefit from the compounding.

10
11 SECTION 54. Arkansas Code § 24-7-728 is amended to read as follows:
12 24-7-728. Computation of benefits based on life annuity.

13 (a)(1) The Board of Trustees of the Arkansas Teacher Retirement System
14 is authorized ~~by this section~~ to raise the level of benefit to the current
15 ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher Retirement
16 System ~~to a comparable level increase to match the increase in benefits that~~
17 ~~would accrue to active members as a result of any increase in the calculation~~
18 ~~of a life annuity as provided in § 24-7-705(a)(1) in accordance with any~~
19 ~~rules the board might promulgate.~~

20 (2) The board may raise the level of benefit to a comparable
21 level increase that matches the increase in benefits that would accrue to
22 active members as a result of any increase in the calculation of a life
23 annuity as provided in § 24-7-705(a)(1) in accordance with any rules the
24 board might promulgate.

25 (b)(1) The amount of any increase for ~~retirants~~ retirees and other
26 beneficiaries shall also be determined in accordance with the rules of the
27 board as is actuarially appropriate for the system.

28 (2) ~~Prior to~~ Before increasing a benefit as provided in this
29 section, the board shall file relevant information concerning the actuarial
30 appropriateness of the action with the Joint Committee on Public Retirement
31 and Social Security Programs, and the action shall be reviewed by the Joint
32 Committee on Public Retirement and Social Security Programs.

33
34 SECTION 55. Arkansas Code § 24-7-730(a)(1), concerning the required
35 dates of distributions of member benefits under the Arkansas Teacher
36 Retirement System, is amended to read as follows:

1 (a)(1)(A) Notwithstanding the provisions of this subchapter regarding
2 the required dates of distribution of benefits under the Arkansas Teacher
3 Retirement System to former members, the distribution of a former member's
4 benefits under the system shall in any event be made or begun by April 1 of
5 the calendar year following the ~~later of the calendar year~~ latter of the
6 calendar year in which the member ~~attains age seventy-two (72) or the~~
7 ~~calendar year in which the member retires~~ or the calendar year in which the
8 member attains the applicable age.

9 (B) The applicable age for a member is as follows:

10 (i) In the case of a member who attains seventy-two
11 (72) years of age after December 31, 2022, and seventy-three (73) years of
12 age before January 1, 2030, the applicable age is seventy-three (73) years of
13 age;

14 (ii) In the case of a member who attains seventy-
15 three (73) years of age after December 31, 2029, and seventy-four (74) years
16 of age before January 1, 2033, the applicable age is seventy-four (74) years
17 of age; and

18 (iii) In the case of a member who attains seventy-
19 four (74) years of age after December 31, 2032, the applicable age is
20 seventy-five (75) years of age.

21
22 SECTION 56. Arkansas Code § 24-7-733(a)(2), concerning the requirement
23 that annual benefits under the Arkansas Teacher Retirement System shall not
24 violate limitations under the Internal Revenue Code, 26 U.S.C. 415(b), is
25 amended to read as follows:

26 (2) The annual benefits, as may be increased in subsequent
27 years, that are paid to ~~retirants~~ retirees by the system shall not violate
28 the limitations under the Internal Revenue Code, 26 U.S.C. 415(b), applicable
29 to the annuity effective date under the Internal Revenue Code, 26 U.S.C.
30 415(d), and benefits shall be paid in a manner that protects the tax-
31 qualified status of the system.

32
33 SECTION 57. Arkansas Code § 24-7-735(c), concerning a member or
34 employer's ability to purchase service credit, additional salary, or both for
35 a member under the Arkansas Teacher Retirement System, is amended to add an
36 additional subdivision to read as follows:

1 (4)(A) Service credit purchased under a settlement agreement or
2 court order shall offset service credit that is earned by the member as an
3 employee of another covered employer during the same period of time covered
4 by the service credit purchased under the settlement agreement or court
5 order.

6 (B) Service credit purchased under a settlement agreement
7 or court order shall not be applied by the system in a manner that allows the
8 member to earn more than one (1) year of service credit in a fiscal year.

9
10 SECTION 58. Arkansas Code § 24-7-738(b)(2), concerning the recovery of
11 an erroneously paid disability retirement benefit for a month in which a
12 member receives salary from a covered employer under the Arkansas Teacher
13 Retirement System, is amended to read as follows:

14 (2) Any disability retirement benefit erroneously paid to the
15 member or ~~retirant~~ retiree for a month in which the member receives salary
16 from a covered employer may be recovered by the system as an overpayment as
17 allowed by law.

18
19 SECTION 59. Arkansas Code § 24-7-1302(c), concerning when a member may
20 withdraw his or her application for the Teacher Deferred Retirement Option
21 Plan under the Arkansas Teacher Retirement System, is amended to read as
22 follows:

23 (c) The member may withdraw his or her plan application if notice to
24 withdraw is received by the system ~~no later than two (2) calendar months~~
25 ~~after~~ by the end of the second full calendar month immediately following the
26 member's plan date.

27
28 SECTION 60. Arkansas Code Title 24, Chapter 7, Subchapter 15 is
29 amended to read as follows:

30 Subchapter 15 – ~~Retirants'~~ Retirees' Ad Hoc Increase Act

31
32 24-7-1501. Title.

33 This subchapter shall be known and may be cited as the "~~Retirants'~~
34 Retirees' Ad Hoc Increase Act".

35
36 24-7-1502. Benefit generally.

1 (a)(1) The annual benefit payable to eligible retirees, survivors, and
 2 beneficiaries of ~~retirants~~ retirees of the Arkansas Teacher Retirement System
 3 shall be subject to a one-time ad hoc increase based on the ~~retirant's~~
 4 retiree's years of credited service that is grouped within descending decades
 5 as calculated by subtracting the total years of credited service from the
 6 date of retirement.

7 (2) A break in credited service is not considered under this
 8 subchapter.

9 (3) Teacher Deferred Retirement Option Plan participants shall
 10 have the total years of credited service subtracted from the date of entry
 11 into the plan.

12 (b)(1) One-half ($\frac{1}{2}$) of the annual dollar increase per year of credited
 13 service shall be calculated and provided to all retirees, survivors, and
 14 beneficiaries of ~~retirants~~ retirees that are eligible to receive this
 15 increase.

16 (2) One-half ($\frac{1}{2}$) of the annual dollar increase per year of
 17 credited service shall be calculated then prorated based on the amount of
 18 contributory service credit to total service on the ~~retirant's~~ retiree's:

- 19 (A) Retirement date; or
- 20 (B) Plan entry date.

21 (3) The amounts under this subsection shall be calculated and
 22 provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees.

23 (c) The ad hoc benefit is payable to the retirees, survivors, and
 24 beneficiaries of ~~retirants~~ retirees of the system beginning on a July 1 that
 25 is at least twelve (12) full months after the effective date of a monthly
 26 benefit.

27 (d) The ad hoc benefit for a ~~retirant~~ retiree, survivor, and
 28 beneficiary of a ~~retirant~~ retiree shall not increase the ~~retirant's~~ retiree's
 29 current benefit by more than twenty-five percent (25%) of the annuity benefit
 30 payable as of the prior June 30.

31
 32 24-7-1503. Ad hoc benefit formula.

33 The schedule of decade dollar amounts per year of credited service is:

35 Formula Decades in Which Credited 36 Service Was Accrued Service	Annual \$ Increase Per Year of Credited Service
--	--

1		
2	2000 – and later	\$5
3	1990–1999	\$10
4	1980–1989	\$20
5	1970–1979	\$30
6	1960–1969	\$40
7	1950–1959	\$50
8	1940–1949	\$60
9	1930–1939	\$70
10	1920–1929	\$80
11	1910–1919	\$90

12

13 24-7-1504. Promulgation of rules – Duty of board.

14 (a) The Board of Trustees of the Arkansas Teacher Retirement System
15 shall promulgate rules for the ad hoc benefit under this subchapter.

16 (b) An ad hoc benefit under this subchapter shall not be implemented
17 if the ad hoc benefit would cause the Arkansas Teacher Retirement System’s
18 unfunded actuarial accrued liabilities to exceed an eighteen-year
19 amortization.

20 (c) The board shall only authorize an ad hoc benefit that is
21 actuarially appropriate for the system.

22 (d) Before an increase of retirement benefit through an ad hoc benefit
23 is authorized, the board shall file relevant information with the Joint
24 Interim Committee on Public Retirement and Social Security Programs regarding
25 the actuarial appropriateness of the increase.

26 (e) The board may reduce the decade increase formula under § 24-7-1503
27 proportionately on a one-to-one formula basis for each decade when the
28 reduction is actuarially feasible to implement.

29 (f) The ad hoc benefit increase is a one-time adjustment and shall
30 also be used to increase the base amount of a ~~retirant’s~~ retiree’s benefits
31 when calculating any future additional benefit increases.

32

33 SECTION 61. EMERGENCY CLAUSE. It is found and determined by the
34 General Assembly of the State of Arkansas that the operations of a state
35 public retirement system are complex; that the Arkansas Teacher Retirement
36 System must be able to meet the needs of its members as anticipated by the

1 General Assembly; that certain provisions of the Arkansas Teacher Retirement
2 System Act need revision and updating to bring them into conformance with
3 sound public pension policy and actuarial requirements; that the revisions
4 and updates are of great importance to members of the Arkansas Teacher
5 Retirement System and to other citizens of the State of Arkansas; that as the
6 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
7 June 30, a July 1, 2023, effective date is necessary in order to allow the
8 provisions within this act to begin on the first day of the fiscal year and
9 to allow for a structured and proper administration of the procedures
10 referenced in this act; that the updates and revisions to the Arkansas
11 Teacher Retirement System Act are of great importance for actuarial purposes
12 and for the improvement and protection of member benefits under the Arkansas
13 Teacher Retirement System; and that this act is necessary in order to
14 maintain an orderly system of benefits for the members of the Arkansas
15 Teacher Retirement System. Therefore, an emergency is declared to exist, and
16 this act being necessary for the preservation of the public peace, health,
17 and safety shall become effective on July 1, 2023.

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19 /s/Warren

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22 **APPROVED: 2/21/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 116

5 By: Senator K. Hammer
6 By: Representative Warren
7

For An Act To Be Entitled

9 AN ACT TO ALLOW THE PURCHASE OF PERMISSIVE SERVICE
10 CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
11 TO ADD DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER
12 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
13 OTHER PURPOSES.
14

Subtitle

15
16 TO ALLOW THE PURCHASE OF PERMISSIVE
17 SERVICE CREDIT UNDER THE ARKANSAS TEACHER
18 RETIREMENT SYSTEM; AND TO DECLARE AN
19 EMERGENCY.
20
21
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 SECTION 1. Arkansas Code § 24-7-202, concerning definitions applicable
26 to the Arkansas Teacher Retirement System Act, is amended to add additional
27 subdivisions to read as follows:

28 (45) "Gap year" means a period of time:

29 (A) In which a member:

30 (i) Was an inactive member; and

31 (ii) Either:

32 (a) Was unemployed; or

33 (b) Did not provide qualified service; and

34 (B) For which the system may grant the member permissive
35 service credit;

36 (46) "Permissive service credit" means service:



1 (A) That is credited under the system for the purpose of
 2 calculating a member's benefit;

3 (B) That has not previously been credited under the
 4 system; and

5 (C) For which a member contributes or pays the amount
 6 necessary to fund the benefit attributable to the service as required by the
 7 system; and

8 (47) "Qualified service" means the service described in 26
 9 U.S.C. § 415(n)(3)(C)(i)-(iv), as it existed on January 1, 2023.

10
 11 SECTION 2. Arkansas Code Title 24, Chapter 7, Subchapter 6, is amended
 12 to add a new section to read as follows:

13 24-7-613. Permissive service credit – Gap year service.

14 (a) A member of the Arkansas Teacher Retirement System may purchase
 15 permissive service credit for one (1) or more gap years if:

16 (1) The member:

17 (A) Has five (5) years of actual service in the system;

18 (B) Has left his or her position as a classroom teacher
 19 immediately before each nonconsecutive gap year or the initial gap year of
 20 consecutive gap years;

21 (C) Returns to his or her position as a classroom teacher
 22 after one (1) or more gap years;

23 (D) Accrues at least one-half (1/2) year of service credit
 24 after returning to his or her position as a classroom teacher;

25 (E) Was inactive during the gap year or gap years; and

26 (F) Is ineligible to receive free service credit for each
 27 gap year under another provision of the law applicable to this system; and

28 (2) Each gap year amounts to an entire fiscal year.

29 (b)(1) A member may purchase one (1) year of permissive service credit
 30 for each one (1) gap year.

31 (2) A member shall not purchase more than five (5) years of
 32 permissive service credit.

33 (c) Permissive service credit for one (1) or more gap years shall not
 34 be purchasable after a member retires from the system.

35 (d) Permissive service credit shall be credited in accordance with §
 36 24-7-601.

1 (e)(1) The member shall pay the actuarial equivalent of the member's
2 benefits to the system for each year of permissive service credit purchased.

3 (2) A year of permissive service credit that is being purchased
4 by a member shall not become credited service under the system until the
5 actuarial equivalent of the member's benefits is paid in full.

6 (f) At the member's request, a member's payment for permissive service
7 credit under this section shall be refunded if the:

8 (1) Member ceases to be an active member before the permissive
9 service credit is established as credited service in the system; or

10 (2) Permissive service credit is not otherwise used to establish
11 the member's eligibility for retirement under the system.

12
13 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
14 General Assembly of the State of Arkansas that the operations of a state
15 public retirement system are complex; that the Arkansas Teacher Retirement
16 System must be able to meet the needs of its members as anticipated by the
17 General Assembly; that certain provisions of the Arkansas Teacher Retirement
18 System Act need revision and updating to bring them into conformance with
19 sound public pension policy and actuarial requirements; that the revisions
20 and updates are of great importance to members of the Arkansas Teacher
21 Retirement System and to other citizens of the State of Arkansas; that as the
22 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
23 June 30, a July 1, 2023, effective date is necessary in order to allow the
24 provisions within this act to begin on the first day of the fiscal year and
25 to allow for a structured and proper administration of the procedures
26 referenced in this act; that the updates and revisions to the Arkansas
27 Teacher Retirement System Act are of great importance for actuarial purposes
28 and for the improvement and protection of member benefits under the Arkansas
29 Teacher Retirement System; and that this act is necessary in order to
30 maintain an orderly system of benefits for the members of the Arkansas
31 Teacher Retirement System. Therefore, an emergency is declared to exist, and
32 this act being necessary for the preservation of the public peace, health,
33 and safety shall become effective on July 1, 2023.

34
35 **APPROVED: 2/21/23**
36

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H2/16/23

A Bill

HOUSE BILL 1186

5 By: Representative A. Collins
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING ANNUITY
10 OPTIONS UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
11 TO ALLOW A RETIRANT TO DESIGNATE BOTH SURVIVING
12 SPOUSE AND DEPENDENT CHILDREN AS OPTION BENEFICIARIES
13 UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
14 CLARIFY WHEN A SURVIVING SPOUSE OF A DISABILITY
15 RETIRANT IS ENTITLED TO BEGIN RECEIVING PAYMENTS
16 UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
17 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

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21 TO AMEND AND UPDATE THE LAW CONCERNING
22 ANNUITY OPTIONS UNDER THE ARKANSAS
23 TEACHER RETIREMENT SYSTEM; AND TO DECLARE
24 AN EMERGENCY.
25
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

28
29 SECTION 1. Arkansas Code § 24-7-706(a)(2), concerning a member's
30 annuity election and criteria that must be met for a member's nominated
31 beneficiary to receive an annuity in accordance with the Option A – 100%
32 Survivor Annuity option under the Arkansas Teacher Retirement System, is
33 amended to read as follows:

34 (2) The member may ~~nominate~~ designate a beneficiary one (1) or
35 more beneficiaries, in accordance with one (1) of the following options:

36 (A) Option A – 100% Survivor Annuity.



1 (i) Under Option A, upon the death of a ~~retirant~~
 2 retiree, his or her reduced annuity shall be continued throughout the life of
 3 and paid ~~to such person as he or she shall have nominated~~ as provided under
 4 subdivision (a)(4) of this subsection to the persons that he or she nominates
 5 by written designation executed and filed with the Board of Trustees of the
 6 Arkansas Teacher Retirement System before the date the first payment of his
 7 or her annuity becomes due.

8 (ii)(a) ~~The person designated as a beneficiary by the~~
 9 ~~retirant shall be.~~ The designated beneficiary or beneficiaries of a retiree
 10 shall be either:

11 (1) The retiree's spouse;

12 (2) One (1) or more of the retiree's
 13 children who qualify as a dependent child under subdivision (a)(2)(A)(ii)(c)
 14 of this section; or

15 (3) Both the retiree's spouse and one (1)
 16 or more of the retiree's children who qualify as a dependent child under
 17 subdivision (a)(2)(A)(ii)(c) of this section.

18 ~~(a)(b) The retirant's spouse for not less than~~
 19 ~~one (1) year immediately preceding the first payment due date; or spouse of a~~
 20 retiree may be designated as the retiree's beneficiary if the retiree has
 21 been married to the spouse for at least one (1) year immediately preceding
 22 the first annuity payment due date.

23 ~~(b)(c) A dependent child of the retirant who~~
 24 ~~has been adjudged physically or mentally incapacitated by a court of~~
 25 ~~competent jurisdiction~~ A child of a retiree qualifies as a dependent child
 26 and may be designated as an Option A beneficiary of the retiree if the child
 27 has been adjudged physically or mentally incapacitated by a court of
 28 competent jurisdiction;

29
 30 SECTION 2. Arkansas Code § 24-7-706(a)(2)(B), concerning the Option B
 31 – 50% Survivor Annuity option under the Arkansas Teacher Retirement System,
 32 is amended to read as follows:

33 (B) Option B – 50% Survivor Annuity.

34 (i) Under Option B, upon the death of a ~~retirant~~
 35 retiree, one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued
 36 throughout the life of and paid ~~to such person as he or she has nominated~~ as

1 provided under subdivision (a)(4) of this subsection to the persons that he
 2 or she nominates by written designation executed and filed with the board
 3 before the date the first payment of his or her annuity becomes due.

4 ~~(ii)(a) The person designated as a beneficiary by~~
 5 ~~the retirant shall be.~~ The designated beneficiary or beneficiaries of a
 6 retiree shall be either:

7 (1) The retiree's spouse;

8 (2) One (1) or more of the retiree's
 9 children who qualify as a dependent child under subdivision (a)(2)(B)(ii)(c)
 10 of this section; or

11 (3) Both the retiree's spouse and one
 12 (1) or more of the retiree's children who qualify as a dependent child under
 13 subdivision (a)(2)(B)(ii)(c) of this section.

14 ~~(a)(b) The retirant's spouse for not less than~~
 15 ~~one (1) year immediately preceding the first payment due date; or~~ The spouse
 16 of a retiree may be designated as the retiree's beneficiary if the retiree
 17 has been married to the spouse for at least one (1) year immediately
 18 preceding the first annuity payment due date.

19 ~~(b)(c) A dependent child of the retirant who~~
 20 ~~has been adjudged physically or mentally incapacitated by a court of~~
 21 ~~competent jurisdiction~~ A dependent child of a retiree may be designated as an
 22 Option B beneficiary of the retiree if the dependent child has been adjudged
 23 physically or mentally incapacitated by a court of competent jurisdiction; or
 24

25 SECTION 3. Arkansas Code § 24-7-706(a), concerning annuity options
 26 under the Arkansas Teacher Retirement System, is amended to add new
 27 subdivisions to read as follows:

28 (4)(A)(i) Upon the death of a retiree, if both a spouse and one
 29 (1) dependent child are designated as the retiree's Option A beneficiaries,
 30 the retiree's reduced annuity shall be paid in equal shares to the spouse and
 31 the dependent child.

32 (ii) Upon the death of a retiree, if both a spouse
 33 and more than one (1) dependent child are designated as the retiree's Option
 34 A beneficiaries, the spouse shall receive fifty percent (50%) of the
 35 retiree's reduced annuity and the remaining fifty percent (50%) of the
 36 retiree's reduced annuity shall be paid in equal shares to the dependent

1 children.

2 (iii) Upon the death of a retiree, if more than one
3 (1) dependent child is designated as the retiree's Option A beneficiary and a
4 spouse is not designated as the retiree's Option A beneficiary, the retiree's
5 reduced annuity shall be paid in equal shares to each dependent child
6 designated as the retiree's Option A beneficiary.

7 (B)(i) Upon the death of a retiree, if both a spouse and
8 one (1) dependent child are designated as the retiree's Option B
9 beneficiaries, one-half (1/2) of the retiree's reduced annuity shall be paid
10 in equal shares to the spouse and the dependent child.

11 (ii) Upon the death of a retiree, if both a spouse
12 and more than one (1) dependent child are designated as the retiree's Option
13 B beneficiaries, the spouse shall receive fifty percent (50%) of one-half
14 (1/2) of the retiree's reduced annuity and the remaining fifty percent (50%)
15 of one-half (1/2) of the retiree's reduced annuity shall be paid in equal
16 shares to the dependent children.

17 (iii) Upon the death of a retiree, if more than one
18 (1) dependent child is designated as the retiree's Option B beneficiary and a
19 spouse is not designated as the retiree's Option B beneficiary, the retiree's
20 reduced annuity shall be paid in equal shares to each dependent child
21 designated as the retiree's Option B beneficiary.

22 (5) If both a spouse and one (1) or more dependent children are
23 designated as the Option A or Option B beneficiaries of a retiree and annuity
24 payments to either the spouse or one (1) or more of the dependent children
25 have begun, the following shall apply:

26 (A) A dependent child's portion of the annuity shall not
27 revert to the spouse or any other dependent children if the dependent child:

28 (i) Predeceases the spouse or any other dependent
29 children; or

30 (ii) Otherwise becomes ineligible to continue
31 receiving annuity payments; and

32 (B) The spouse's portion of the annuity shall not revert
33 to any dependent child if the spouse:

34 (i) Predeceases one (1) or more dependent children;
35 or

36 (ii) Otherwise becomes ineligible to continue

1 receiving annuity payments.

2
3 SECTION 4. Arkansas Code § 24-7-706(d), concerning the ability of a
4 residue beneficiary under § 24-7-709 to cancel the form of annuity in effect
5 and elect Option A – 100% Survivor Annuity option under certain conditions,
6 is amended to add additional subdivisions to read as follows:

7 (4) A surviving spouse who is eligible to receive an annuity
8 under this section may elect to receive a lump-sum distribution of the
9 retiree's residue in lieu of the spousal annuity if:

10 (A) The retiree did not designate one (1) or more
11 dependent children as a beneficiary; and

12 (B) The surviving spouse files a written waiver of his or
13 her right to the spousal annuity with the system.

14 (5) If a residue beneficiary elects the Option A – 100% Survivor
15 Annuity under this subsection and is the surviving spouse of a disability
16 retiree, the same procedures used under § 24-7-710 to determine when an
17 active member's surviving spouse is entitled to begin receiving benefit
18 payments shall be used to determine when the residue beneficiary is entitled
19 to begin receiving benefit payments.

20
21 SECTION 5. Arkansas Code § 24-7-706, concerning annuity options, is
22 amended to add an additional subsection to read as follows:

23 (g) A retiree's effective retirement date and the date when survivor
24 benefits under this section are payable shall be determined by the law in
25 effect at the time of the retiree's death.

26
27 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
28 General Assembly of the State of Arkansas that the operations of a state
29 public retirement system are complex; that the Arkansas Teacher Retirement
30 System must be able to meet the needs of its members as anticipated by the
31 General Assembly; that certain provisions of the Arkansas Teacher Retirement
32 System Act need revision and updating to bring them into conformance with
33 sound public pension policy and actuarial requirements; that the current
34 provisions of the Arkansas Teacher Retirement System Act do not allow a
35 retirant to provide for both his or her surviving spouse and dependent
36 children in the event of the retirant's death by designating both his or her

1 surviving spouse and dependent children as option beneficiaries; that the
 2 current provisions of the Arkansas Teacher Retirement System Act do not
 3 clearly address when the surviving spouse of a disability retirant is
 4 entitled to begin receiving benefit payments; that the revisions and updates
 5 are of great importance to members of the Arkansas Teacher Retirement System
 6 and to other citizens of the State of Arkansas; that the Arkansas Teacher
 7 Retirement System operates on a fiscal year of July 1 to June 30; that a July
 8 1, 2023, effective date is necessary to allow the provisions within this act
 9 to begin on the first day of the fiscal year to provide for the proper
 10 administration of the procedures referenced in this act; that the updates and
 11 revisions to the Arkansas Teacher Retirement System Act are of great
 12 importance for actuarial purposes and for the improvement and protection of
 13 member benefits under the Arkansas Teacher Retirement System; and that this
 14 act is necessary in order to maintain an orderly system of benefits for the
 15 members of the Arkansas Teacher Retirement System. Therefore, an emergency
 16 is declared to exist, and this act being necessary for the preservation of
 17 the public peace, health, and safety shall become effective on July 1, 2023.

/s/A. Collins

APPROVED: 3/2/23

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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H2/13/23

A Bill

HOUSE BILL 1187

5 By: Representative A. Collins
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING THE
10 LUMP-SUM DEATH BENEFIT UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO CLARIFY THE ADMINISTRATION OF
12 THE LUMP-SUM DEATH BENEFIT UNDER THE ARKANSAS TEACHER
13 RETIREMENT SYSTEM; TO CLARIFY THE ELIGIBILITY OF A
14 RETIRED MEMBER AND A T-DROP PARTICIPANT TO RECEIVE A
15 LUMP-SUM DEATH BENEFIT UNDER THE ARKANSAS TEACHER
16 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
17 OTHER PURPOSES.

Subtitle

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21 TO AMEND AND UPDATE THE LAW CONCERNING
22 THE LUMP-SUM DEATH BENEFIT UNDER THE
23 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
24 TO DECLARE AN EMERGENCY.
25
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. Arkansas Code § 24-7-720 is amended to read as follows:

30 24-7-720. Lump-sum death benefit – Definition.

31 (a)(1)(A) ~~If prior to July 1, 2007, an active member of the Arkansas~~
32 ~~Teacher Retirement System with five (5) or more years of actual service,~~
33 ~~including actual service for the year immediately preceding the member's~~
34 ~~death, dies in employer service before retirement, then a lump sum of up to~~
35 ~~ten thousand dollars (\$10,000) shall be paid to such persons as he or she~~
36 ~~shall have nominated by written designation duly executed and filed with the~~



1 ~~Board of Trustees of the Arkansas Teacher Retirement System~~ If an active
2 member, T-DROP participant, or a retired member with five (5) years of actual
3 service, including actual service for the year immediately preceding the
4 member's death, dies before July 1, 2007, then one (1) lump-sum death benefit
5 of up to ten thousand dollars (\$10,000) shall be paid in equal shares to each
6 person designated by the member as a beneficiary in the manner required by
7 the Arkansas Teacher Retirement System.

8 (B) ~~If on or after July 1, 2007, an active member of the~~
9 ~~Arkansas Teacher Retirement System with ten (10) or more years of actual~~
10 ~~service dies in employer service before retirement, then a lump sum of up to~~
11 ~~ten thousand dollars (\$10,000) shall be paid to the persons he or she has~~
12 ~~nominated by written designation executed and filed with the board~~ Effective
13 July 1, 2009, if a member who retired or became a T-DROP participant on or
14 before July 1, 2007, with five (5) or more years of actual service dies, then
15 one (1) lump-sum death benefit of up to ten thousand dollars (\$10,000) shall
16 be paid in equal shares to each person designated by the member as a
17 beneficiary in the manner required by the system.

18 (C) If an active member, T-DROP participant, or a retired
19 member with ten (10) or more years of actual service dies on or after July 1,
20 2007, then one (1) lump-sum death benefit of up to ten thousand dollars
21 (\$10,000) shall be paid in equal shares to each person designated by the
22 member as a beneficiary in the manner required by the system.

23 (D)(i) If a member accrues a minimum of ten (10) years of
24 actual, contributory service, regardless of noncontributory service accrued
25 in combination with the contributory service, the member shall receive the
26 maximum lump-sum death benefit as determined by the Board of Trustees of the
27 Arkansas Teacher Retirement System under this section.

28 (ii) Upon the member's death, the maximum lump-sum
29 death benefit shall be paid in equal shares to each person designated by the
30 member as a beneficiary in the manner required by the system.

31 (iii) The board may set a lump-sum death benefit for
32 noncontributory service as the board deems appropriate.

33 (2) ~~If there are no designated persons who survive the member,~~
34 ~~the lump sum shall be paid to the member's estate~~ If a member designates more
35 than one (1) beneficiary, the lump-sum death benefit shall be divided equally
36 amongst each designated beneficiary.

1 (3) If all of the member's designated beneficiaries do not
2 survive the member, the lump-sum death benefit shall be paid to the member's
3 estate.

4 ~~(b)(1) If a retired member of the system dies prior to July 1, 2007,~~
5 ~~and the retired member accrued five (5) or more years of actual service,~~
6 ~~including actual service for the year immediately preceding the member's~~
7 ~~death, then a lump sum of up to ten thousand dollars (\$10,000) shall be paid~~
8 ~~to such persons as he or she shall have nominated by written designation duly~~
9 ~~executed and filed with the board.~~

10 ~~(2) If a retired member of the system dies on or after July 1,~~
11 ~~2007, and the retired member accrued ten (10) or more years of actual~~
12 ~~service, including actual service for the year immediately preceding the~~
13 ~~member's death, then a lump sum of up to ten thousand dollars (\$10,000) shall~~
14 ~~be paid to such persons as he or she shall have nominated by written~~
15 ~~designation duly executed and filed with the board.~~

16 ~~(3) If there are no designated persons who survive the member,~~
17 ~~the lump sum shall be paid to the member's estate.~~

18 ~~(e)(b)~~ The amount of the lump-sum death benefit payments under this
19 section shall be set periodically and not more often than annually by rules
20 and resolutions of the board as the board determines is actuarially
21 appropriate for the system.

22 ~~(d)(1) For determining eligibility for the lump-sum death~~
23 ~~benefit under this section, "actual service" means service rendered in a~~
24 ~~position covered by the system.~~

25 ~~(2) "Actual service" does not include purchased or free credited~~
26 ~~service or reciprocal service.~~

27 ~~(e)(1)(c)(1)~~ A benefit enhancement provided for under this section
28 shall not be implemented if it would cause the system's unfunded actuarial
29 accrued liabilities to exceed an eighteen-year amortization.

30 (2) If the system's unfunded actuarial accrued liabilities
31 exceed an eighteen-year amortization, a benefit enhancement provided for
32 under this section shall not be implemented until the unfunded actuarial
33 accrued liability is reduced to a level less than the standards prescribed by
34 § 24-1-101 et seq.

35 ~~(f)(1)(d)~~ Pursuant to the board's fiduciary duty, the board shall
36 implement this benefit provision for lump-sum death benefit payments by

1 either making the lump-sum death benefit payments directly from the system or
2 by purchasing a group life insurance policy for the benefit of system
3 members.

4 ~~(2) A lump-sum payment under this subsection is intended to be~~
5 ~~exempt from income tax.~~

6 ~~(g) Effective July 1, 2009, a retired member of the system who retired~~
7 ~~on or before July 1, 2007, and had five (5) or more years of actual service~~
8 ~~credited in his or her account at retirement shall have the lump-sum death~~
9 ~~benefit paid upon the retired member's death under subsection (b) of this~~
10 ~~section.~~

11 ~~(h)(e)~~ A lump-sum death benefit payment under this section is intended
12 to be exempt from income tax.

13 ~~(i)(f)~~ For eligibility under this section, a member is considered
14 active for an additional fiscal year following the last fiscal year that the
15 member renders actual service in a position reported to the system by a
16 covered employer and the member obtains at least one-fourth ($\frac{1}{4}$) year of
17 service credit.

18 ~~(j)(1)(A) If a member accrues a minimum of ten (10) years of actual,~~
19 ~~contributory service, regardless of noncontributory service accrued in~~
20 ~~combination with the contributory service, the member shall receive the~~
21 ~~maximum lump-sum death benefit as determined by the board under this section.~~

22 ~~(B) Upon the member's death, the lump-sum death benefit~~
23 ~~shall be paid to persons the member selects by written designation executed~~
24 ~~and filed with the board.~~

25 ~~(2) The board may set a lump-sum benefit for noncontributory~~
26 ~~service as the board deems appropriate.~~

27
28 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
29 General Assembly of the State of Arkansas that the operations of a state
30 public retirement system are complex; that the Arkansas Teacher Retirement
31 System must be able to meet the needs of its members as anticipated by the
32 General Assembly; that certain provisions of the Arkansas Teacher Retirement
33 System Act need revision and updating to bring them into conformance with
34 sound public pension policy and actuarial requirements; that the current
35 provisions of the Arkansas Teacher Retirement System Act create ambiguity as
36 to the proper administration of the lump-sum death benefit and the

1 eligibility of a retiree and T-DROP participant to receive a lump-sum death
2 benefit; that the revisions and updates are of great importance to members of
3 the Arkansas Teacher Retirement System and to other citizens of the State of
4 Arkansas; that as the Arkansas Teacher Retirement System operates on a fiscal
5 year of July 1 to June 30, a July 1, 2023, effective date is necessary in
6 order to allow the provisions within this act to begin on the first day of
7 the fiscal year and to allow for a structured and proper administration of
8 the procedures referenced in this act; that the updates and revisions to the
9 Arkansas Teacher Retirement System Act are of great importance for actuarial
10 purposes and for the improvement and protection of member benefits under the
11 Arkansas Teacher Retirement System; and that this act is necessary in order
12 to maintain an orderly system of benefits for the members of the Arkansas
13 Teacher Retirement System. Therefore, an emergency is declared to exist, and
14 this act being necessary for the preservation of the public peace, health,
15 and safety shall become effective on July 1, 2023.

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17 */s/A. Collins*
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20 **APPROVED: 3/2/23**
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1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: S2/21/23

A Bill

SENATE BILL 117

5 By: Senator K. Hammer
6 By: Representatives Warren, *J. Mayberry*
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE TERMINATION
10 SEPARATION PERIOD UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES.
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Subtitle

15 TO AMEND THE LAW CONCERNING THE
16 TERMINATION SEPARATION PERIOD UNDER THE
17 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
18 TO DECLARE AN EMERGENCY.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 24-7-502(a)(2), concerning termination from
25 employment for purposes of retirement eligibility under the Arkansas Teacher
26 Retirement System, is amended to read as follows:

27 (2) Effective ~~September 1, 2021~~ July 1, 2023, a member shall not
28 be terminated from employment for purposes of retirement eligibility if
29 within ~~six (6) calendar months~~ the fourth full calendar month of the member's
30 effective date of retirement the member:

- 31 (A) Becomes employed with a covered employer; and
32 (B) Has not attained the system's normal retirement age.
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34 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
35 General Assembly of the State of Arkansas that the operations of a state
36 public retirement system are complex; that the Arkansas Teacher Retirement



1 System must be able to meet the needs of its members as anticipated by the
2 General Assembly; that certain provisions of the Arkansas Teacher Retirement
3 System Act need revision and updating to bring them into conformance with
4 sound public pension policy and actuarial requirements; that the provisions
5 of this act assist in addressing the shortage of teachers in Arkansas and
6 will enable retired teachers to return to employment with public schools and
7 public charter schools sooner; that the revisions and updates are of great
8 importance to members of the Arkansas Teacher Retirement System and to other
9 citizens of the State of Arkansas; that as the Arkansas Teacher Retirement
10 System operates on a fiscal year of July 1 to June 30, a July 1, 2023,
11 effective date is necessary in order to allow the provisions within this act
12 to begin on the first day of the fiscal year and to allow for a structured
13 and proper administration of the procedures referenced in this act; that the
14 updates and revisions to the Arkansas Teacher Retirement System Act are of
15 great importance for actuarial purposes and for the improvement and
16 protection of member benefits under the Arkansas Teacher Retirement System;
17 and that this act is necessary in order to maintain an orderly system of
18 benefits for the members of the Arkansas Teacher Retirement System.
19 Therefore, an emergency is declared to exist, and this act being necessary
20 for the preservation of the public peace, health, and safety shall become
21 effective on July 1, 2023.

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/s/K. Hammer

APPROVED: 3/2/23